# MILLARD'S REVIEW

# 密勒氏評論報

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MR. Richard Washburn Child, whose recent articles on China and Japan in *Asia Magazine* and *Collier's Weekly* of New York have caused so much comment in the Far East, writes, in a letter to *Asia Magazine* for November, in part as follows:

"I have yet to hear of any proposal of policy toward China which did not fall into one or another of these general programs:

1. To let China go on as she has been going, pouring more hope into the void.

2. To partition China or abandon her.

3. To finance China singly or in international groups and through finance obtain a mortgagee's or 'banker's' administrative grip on China.

4. To act with other nations in governmental cooperation, offering to China conscientious administrative aid from without, until China can get on her feet.

I advocate the last policy. My suggestions as to working it out have been received among some statesmen of three countries with an interest much greater than I had hoped at first to engage."

The REVIEW is printing these paragraphs from Mr. Child's letter because the plan he outlines for the settlement of China's difficulties is in accord with the plan of Mr. Walter Lippman, a confidential advisor of one of the departments of the American Government at Washington, as outlined in his recent book "The Stakes of Diplomacy." Reference to Mr. Lippmann's "Plan" was made in the REVIEW of December 8 in an article by Mr. Paul Hutchinson of Nanking as follows:

"And how does Mr. Lippmann propose to secure this organization? Briefly, by a system of permanent administration for the states that are backward, to be formulated and guaranteed by the states regarded as forward. For any backward area—for instance, Mexico, Persia, the Congo, China—there is to be a legislative body, with two chambers. The senate is to be composed of representatives of the powers with interests in the territory. In time it would develop into a body 'not essentially different perhaps from the American Philippine Commission.' In addition there is to be a lower house, which is to be composed of natives in the senate." This legislative body is to provide for the selection of administrators who are to run the country in a manner calculated to do away with bad politics, bad living conditions, bad business, and all the other bad things that afflict nations in this condition. These administrators are to be, at least in large part, foreigners."

THESE suggestions for the solution of China's troubles are especially interesting this week in connection with an article entitled "Japanese-American Cooperation on a New Basis" that appears elsewhere in this issue. That the statesmen and business men of other parts of the world are giving serious thought to this question is also shown in a letter received by the REVIEW this week from an American railway official,

who has been in China. He says: "It seems to me that China needs somebody like Japan to take her by the hand and lead her to a more stable government, and that is the only way in which the country can develop. America and European countries are too busy at the present time with their own troubles to give attention to China—why not Japan? And how can you consistently object to Japan getting anything out of it?" We are presenting these opinions for the consideration of China's statesmen who must see whither China is drifting. Surely her leaders have the breadth of vision necessary to make the sacrifices that must be made to bring order out of the present chaos. As has been so often reiterated, the future of China rests solely with China. China is now going through much the same struggles that the various republics of South America went through a few years ago. Every election was followed by a revolution engineered by the factions that were defeated. The defeated candidate, instead of submitting to the result, simply began plotting to overthrow the power that overthrew him. Had not the United States, through the Monroe Doctrine, prevented European autocracies from meddling in South American politics at the time, the entire country would have become tributary to the autocratic power that was able to land the largest body of troops. There is an influential party in Japan that desires to act toward China in the same way that certain European powers a few years ago were *prevented* from acting in South America. Every additional month of disorder in China adds strength to that Japanese party that would take China over body and soul. By reiterating the "open door, equality of opportunity, and territorial integrity of China" principles in the Lansing-Ishii Agreement, America has shown that she still has faith in China's ability to save herself. The "special interests" clause in the same treaty was also put in for very definite reasons. It is for China to say whether the sincere friendship of her friends has been misplaced.

IT is not often that the Washington correspondent of the London *Times* "falls down," but it seems that his telegram to the effect that Japanese troops had arrived at Vladivostock is somewhat "previous"—at least the Japanese Government has denied that such is a fact. However, it may be, as in the case of a former correspondent of that great London daily, merely another case of "intelligent anticipation." As regards Harbin, which it must always be remembered is in Chinese territory although situated on the ground leased to the Chinese Eastern Railway (absolutely under Russian control), the Harbin Taoyin and the General in command of the Chinese troops in Kirin have issued a joint notification to the effect that it has been necessary to bring troops to Harbin for the protection of inhabitants because of the attempts that had been made by certain organizations to usurp the power of the proper authorities who were appointed to the expropriated zone under a special agreement with China, thereby breaking agreements and infringing China's sovereign rights. Although Harbin during the last few days, so far as actual outbreaks are concerned, has been very quiet, the spirit of unrest is such that disturbances are likely to occur at any time, and as a consequence the office of the Russian Consulate at Harbin has been removed to the compound of the Kirin Bureau, which is situated in the Pristan quarter of Harbin and within the Russian controlled area. This means that the Russian Consulate will rely on Chinese troops for protection rather than trust itself to the vagaries of Russian troops, whose actions, in present circumstances, are not to be relied upon.

ONE of the inevitable consequences of the defiance by the Russian diplomatic representatives in the Far East of the wishes of the Bolsheviki party at present in power at Petrograd was that their pay has been stopped by orders from the Russian capital. A recent telegram reports that a Maximalist decree deprives of the right to spend money at the cost of the state a number of Russian diplomatic representatives abroad, including the Ambassador to Japan, the Minister to Peking, and the Consul General at Seoul. *The Peking Daily News* in an editorial note points out that in the early days of international intercourse, legations and embassies were received as the guests of the Sovereign to whom they were sent and by whom they were entertained free of all expense to the country which they represented. Russia, as the first country to have diplomatic intercourse with China, received special treatment as regards its Ambassadors at Peking in the early days, but from this original status of guests, the legation of Russia, as the legations of all other countries, has in modern times long since diverged. Theoretically, however, the status is retained. We do not suppose that the Russian Minister to China will need to worry a great deal as to whether his salary will be forthcoming from Petrograd, as it so happens that Russia will continue to receive Boxer Indemnity payments; and, in view of the fact that the leading spirit in the management of the affairs of the Russo-Asiatic Bank in the Far East was formerly the Russian Financial Agent in the Far East and as such active in advancing Russian interests under the old Romanoff regime, it is not likely that the Russian Minister at Peking need go short of funds. The Russian Ambassador at Tokio, however, may find himself in the unpleasant position of having to ask the Japanese Government for his temporary pocket expenses.

JUST before Lord Northcliffe returned to Great Britain last month, he made a tour of the United States and delivered speeches in the principal cities in which he discussed the war. In Kansas City, he was entertained at a luncheon by the Kansas City *Star*, to which were invited the leading newspaper men of the Middle Western part of the United States. During the luncheon, Great Britain's leading newspaper and magazine publisher was asked his opinion as to the nature of the war material that newspapers should print. Here is his advice to American newspapers as to what should be printed:

1. Print the whole truth.

2. Do not make a scare-head about the 7,500 prisoners captured by the French today and bury the story about the 27,000 British casualties last week. The casualities are more important than the prisoners.

3. Do not pay much attention to trench matters. Tell more about the vaster army behind the army in order to give the people some idea of the amazing mass of materials and munitions that must be transported to keep a great army in being.

4. Do not talk about a short war. There is no basis in fact for the theory of a short war.

5. Get a lot of good maps of the fighting front and use them frequently to help the reader acquire an accurate interest in the fighting zone.

6. Minimize the stories that come out of Germany about changes in the government, revolution and the like. That is German propaganda.

7. Give much space to educating your readers in the difficulties of transport. Emphasize the necessity of ships, more and more ships.

8. Don't be afraid of being unpopular by displaying adverse news; you will be rewarded for your stand later.

JUST what the American Government officials understand the terms "special interests" and "territorial propinquity" to mean in connection with the recent Lansing-Ishii Agreement, is indicated in the following despatch to the *New York Times* following the public announcement of the exchange of notes between Secretary Lansing and Viscount Ishii:

"There was a disposition in some quarters in Washington to attribute to the agreement the recognition of a Japanese Monroe Doctrine, but in authoritative quarters this was corrected, with the assertion that the agreement applies rather the principle that on this hemisphere is known as Pan Americanism. The Monroe Doctrine, it was contended, was based on the principle of national safety—the national safety of the United States—while Pan Americanism was altruistic in that it was based on preserving the integrity of all the nations involved, and was therefore international. The principle of the Monroe Doctrine, it was said, was not applied to China by the Lansing-Ishii agreement, but it contained a recognition of the principle that all the nations concerned were to see that the territorial integrity of China was respected. It should be explained, however, that there is no authoritative statement embodying this interpretation. High officials preferred to let the agreement, with Secretary Lansing's accompanying statement, speak for itself. Japan's special interests in China were likened to the special interests the United States has in Mexico, on account of the geographical proximity of the two countries."

A LITTLE girl that we know very well—she is three years old—is spending her first Christmas in China. For several weeks she has been worried as to whether her Santa Claus will visit her this year "away out here in China." "How will he ever find his way clear out here across the big ocean?" is the constant question, and with the question comes the tearfully expressed wish, "that I was back at aunties in America, where I know Santa Claus will come." The REVIEW is going to answer this little girl's question and likewise the question of thousands of other little girls and boys in China and elsewhere by reprinting from the *New York Sun* an editorial entitled, "Is there a Santa Claus?." which has been republished in the press in America probably oftener than any other editorial:

We take pleasure in answering at once and thus prominently the communication below, expressing at the same time our great gratification that its faithful author is numbered among the friends of The Sun:

"Dear Editor: I am eight years old. Some of my little friends say there is no Santa Claus. Papa says 'if you see it in The Sun it's so.' Please tell me the truth; is there a Santa Claus?

"VIRGINIA O'HANLON.

"115 West Ninety-fifth Street."

Virginia, your little friends are wrong. They have been affected by the scepticism of a sceptical age. They do not believe except they see. They think that nothing

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OF THE FAR EAST

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can be which is not comprehensible by their little minds. All minds, Virginia, whether they be men's or children's, are little. In this great universe of ours man is a mere insect, an ant, in his intellect, as compared with the boundless world about him, as measured by the intelligence capable of grasping the whole of truth and knowledge.

Yes, Virginia, there is a Santa Claus. He exists as certainly as love and generosity and devotion exist, and you know that they abound and give to our life its highest beauty and joy. Alas! how dreary would be the world if there were no Santa Claus. It would be as dreary as if there were no Virginias. There would be no childlike faith then, no poetry, no romance, to make tolerable this existence. We should have no enjoyment, except in sense and sight. The eternal light with which childhood fills the world would be extinguished.

Not believe in Santa Claus! You might as well not believe in fairies! You might get your papa to hire men to watch in all the chimneys on Christmas Eve to catch Santa Claus, but even if they did not see Santa Claus coming down, what would that prove? Nobody sees Santa Claus, but that is no sign that there is no Santa Claus. The most real things in the world are those that neither children nor men can see. Did you ever see fairies dancing on the lawn? Of course not, but that's no proof that they are not there. Nobody can conceive or imagine all the wonders there are unseen and unseeable in the world.

You may tear apart the baby's rattle and see what makes the noise inside, but there is a veil covering the unseen world which not the strongest men, nor even the united strength of all the strongest men that ever lived, could tear apart. Only faith, poetry, love, romance, can push aside that curtain and view and picture the supernal beauty and glory beyond. Is it all real? Ah, Virginia, in all this world there is nothing else real and abiding.

No Santa Claus! Thank God he lives, and he lives forever. A thousand years from now, Virginia, nay ten times ten thousand years from now, he will continue to make glad the heart of childhood.

AND to this the REVIEW takes pleasure in adding the following Christmas message from the Hon. Feng Kuo-Chang, President of China, which appeared in the *North-China Daily News* of last week:

The holidays, like the customs, of all peoples differ greatly in form but are essentially the same in spirit. With this Christmas holiday, as it is universally observed among Western peoples, are associated many high ideals which have been cherished by the Chinese people for countless generations. It is in this happy season that home ties are strengthened and the virtues which grow out of family relations are impressed upon the members of millions of families. Friendships are cemented by a generous exchange of gifts and tokens and the words "peace and good will" are in every mouth. The principles of the family are to the Chinese the root of all virtuous action. The ties of friendship are with us only less sacred than family ties, and nothing is so dear to the great mass of the Chinese people as peace, which prevails as the spirit of this Christmas festival. The Chinese people, therefore, have every reason to participate sincerely in the felicitations of this season.

As family relations are now closely knit, so should the relationships of the great family of nations, which are warring for a permanent peace on this earth, be closer, and our mutual interest in the attainment of international peace and good will should be emphasized. Therefore, I, the President of the Republic of China, take pleasure, on behalf of the Chinese people, in participating in the spirit of this international holiday and in wishing the subjects and citizens of the Allied and neutral countries who are now resident in China and who participate so sympathetically in our national festivals, a very merry Christmas.

FENG KUO-CHANG.

# Applying Modern Efficiency Methods in China

BY C. BERTRAND THOMPSON

*Author of "The Theory and Practice of Scientific Management"*

I HAVE often been asked the question whether I have found business in China to be "efficient." The question is usually asked with a smile, and in anticipation of a negative answer. It has seldom been realized how large this question is, nor how necessary it is to take into account many factors before attempting an appraisal. No one does realize better than myself the futility of attempting to answer this question on a four months' acquaintance at first hand with Chinese business. On the other hand such an acquaintance, combined with some study of Chinese governmental affairs and of important publications on the subject of Chinese business, has led me to certain conclusions, which at the request of the editor of MILLARD'S REVIEW I take pleasure in setting forth herewith.

The answer to the question whether any business is conducted efficiently or not depends largely upon the definition of efficiency. Until within a few years efficiency was measured solely in terms of profit. If a business cleared rather more than the current bank rate of interest on the capital invested, and paid adequate salaries to its managers and employees it was considered efficiently handled. The evidence that a business was efficiently conducted lay in the fact that it survived while the inefficient ones went under. From this point of view business in China is about as efficient as it is anywhere else. Everyone seems to live, while some few, both among Chinese and foreign business men, have succeeded in accumulating considerable fortunes, especially since the war began. With the exception of special temporary conditions

brought about by the war the general condition of business in China, from the point of view of profit-making efficiency, is similar to that of most other countries before the war.

The modern conception of efficiency, however, is somewhat different from that just discussed. While, of course, business under the modern conception is, and must be done for profit, it is now recognized that a business may be profitable and inefficient at the same time. It may be paying dividends of 15% and yet the manner of handling important details of the business may be such that another possible 10% dividends are lost in ways which could be easily avoided by efficient management. Efficiency in advanced industrial and commercial communities is a relative term measured by the thoroughness with which the maximum profits are derived with the minimum cost of effort, material and capital. Under this definition the mere making of profits is not a sufficient evidence of efficient management. The question becomes, is the business making all the profits of which it is capable? Most businesses, both in China and elsewhere, will have to answer this question in the negative.

The modern efficiency movement is the effort so to manage all types of business as to secure the maximum profits at a minimum cost. It is more than an idea; it is an idea embodied in certain fairly definite types or systems of management. These systems are not as yet to be found in China, and I think it is even safe to say that even the idea is quite new, and is rarely understood even where it is known at all.

There is a reason for this. The efficiency movement was forced on America, where it originated, by the stress of intense competition at home. It was rapidly adopted in Germany before the war under the impulse of a keen desire to outsell other nations in the world's markets. Since the war began conditions of military necessity, particularly the necessity of conserving man-power and increasing output to the utmost, have forced America and Germany to adopt more widely the modern methods, and has led, at the same time, to their rapid extension in England, France and Italy.

China has been outside the range of all these influences; consequently has not yet realized the need of modernizing its business methods. Modern efficiency cannot become an actualized fact until the need is keenly felt. The idea, as usual, is the father of the reality. It is not probable that war necessities will be felt in China in sufficent strength to compel the adoption of efficiency methods. It is more than possible, however—in fact it is highly probable, not to say inevitable—that the keen commercial competition which the world will see at the conclusion of this war will force China either to modernize her methods or to leave her affairs to the direction of those who will see to it; or perhaps to drop out of the race entirely, which is conceivable, but not likely. The wise business man, whether Chinese or foreign, will look forward to this, we trust not too distant, period, and will be making his plans accordingly.

Modern efficiency is applied to business in two ways which, while rather closely related, are at the same time quite distinct in aim and method. It may be applied to the conduct of the business as a whole, in which case it takes the form of the development of broad policies of administration, of purchasing, of manufacture, of sales. In the other form it is applied to the details of administration within the concern itself, and has to do with what are ordinarily called "systems" of accounting, of purchasing and handling materials, of manufacturing methods, processes and equipment, of reports, records, etc.

A business may be satisfactorily handled as to general policy, and still fail to be genuinely efficient by reason of neglect of its detailed administration; while, conversely, it may be ideally administrated internally, and yet fail by reason of wrong policies. To be thoroughly efficient a business must be efficient in both these directions. It is possible, however, to develop one side at a time, and on the whole it is wiser to insure the right policies first than to devote exclusive attention to details of internal administration too early in the game. In fact, reorganizing a business along the most advanced scientific lines in its internal administration before it is thoroughly and solidly grounded in its external relations and policies is a good deal like putting a man in a dress suit and training him in the amenities that go with it before he has learned not to eat his French peas with a knife.

To me, Chinese business seems to be still in the stage where scientific determination of policies is of more importance than refinement of organization and method. With the exception of a few modern manufacturing enterprises, money is made in China more by taking advantage of market fluctuations and combinations of circumstances which are beyond the control of individual business men—in other words, by luck—than by careful scientific business methods. In short, Chinese business, native and foreign, is still largely in the gambling stage; and as usually happens in such conditions a few of the exceptionally lucky survive conspicuously, while the many, after a brief and exciting career, join the bread line.

That such a condition is not healthy or promising for the future of Chinese business hardly calls for argument. It must, in fact, be changed, and the change must consist in the development of farsighted and properly grounded

policies. The most advanced and successful business men in the Western world to-day no longer depend upon the intuitions and "hunches" which used to distinguish the canny brother from the weak sister. Policies to-day are based upon closely-reasoned and thoroughly-analyzed facts, carefully gathered, measured, put in statistical form, and recorded in such a way as to point inevitably the direction the business must take. It is the exceptional business man in the United States who sends out a shipment of foot warmers to the Philippine Islands, or expensive readymade men's suits to Shanghai.

Given the basis of facts on which policies are founded the modern scientific business man develops an internal organization based on another state of facts having to do with the analysis of the work to be done, the fitness of his men to do it, their proper training for the work in hand, etc. With it all goes the conscious development of close cooperation, both between the members of the organization and between the organization and the world of customers and suppliers with which it deals.

I have yet to find in China good examples of this type of management. No one seems to know very much about the resources and capabilities of China itself, least of all the Chinese. Reliable general statistics are markedly conspicuous by their absence. Few foreign concerns and no Chinese companies that I have seen have an accurate and up-to-date knowledge of the state of their own affairs. Cost accounting, which is the most rudimentary form of modern business methods, seems to be practically unknown here. At least two of the largest native establishments in Shanghai have no idea whatever of costs. Their book-keeping shows them how much money they have taken in during the year and how much they have spent, and the difference is taken to indicate the profit or loss for the year. Apparently they do not figure depreciation at all, nor interest on the capital invested. If the books show a surplus of income over outgo amounting to $100,000 this is taken as profit, regardless of the fact that the plant may have depreciated, $20,000, and interest have cost another $100,000.

As to the detailed organization, there is the same absence of intelligently directed effort based on ascertained facts. Employees are selected more or less by chance or on the recommendation of the last employer who had no further use for them. If an employee does not fit the job into which he is tossed it is at least unusual to find that a study has been made of his real capacities with the idea of setting him at the work for which he is really adapted. Instead he is more apt to be fired with much bluster and show of objurgatory vocabulary and "executive force." If kept on long enough to get any training it is, with a very few commendable exceptions, training in the school of hard knocks, which is disagreeable for both the knocker and the knockee, and exceedingly expensive for the firm. Instead of the business being so organized that the responsible and presumably most intelligent heads have the time and the opportunity to give due consideration to the most important policies, I have observed that as a rule the heads of foreign concerns are buried in masses of detail from early morning till late at night, while their subordinates, who are presumably by nature best adapted to the handling of detail, get down late, take a siesta in the middle of the day, and break away early for tea.

Among the Chinese concerns the most obvious deficiency from a point of view of organization is the failure to sense the mutual responsibility of all members of an organization for each other and for its stockholders in the case of a corporation. This is, in fact, the most crying need of native Chinese business—that is, the necessary confidence to pool their capital and their efforts in a common cause, and an adequate commercial code which will protect the interest of stockholders in a corporation, and a system of courts and judicial administration which will make such a code effective.

This reference to governmental matters opens up a large and important field of discussion. Europeans and Americans have for so long been accustomed to stable and favorable governmental conditions that they often fail to appreciate how important such conditions are to the successful prosecution of business enterprise. A sound and stable currency, for example, is as much taken for granted as is a plentiful supply of fresh air to breathe. It takes a great war in Europe or a few days residence in China to impress upon one the disturbing effect of an uncertain and fluctuating medium of exchange.

Governmental efficiency is a prime requisite to commercial and industrial efficiency, and in this matter China has yet to make a beginning. This applies not only to the currency but to such matters as the development of railroads and canals, trade-marks and patent protection, government encouragement of enterprise through a properly organized and conducted Ministry of Agriculture and Commerce, the intelligent exploitation of concessions and the efficient handling of funds raised through foreign loans. The mere suggestion of these topics must content us here, but their significance in relation to the development of Chinese business is sufficiently obvious.

As everyone who visits China is expected to propose a panacea for its ills, I am afraid that readers of this article will be disappointed. The ills of China, like those of every other people, are due to a wide variety of causes, and there is no one remedy that fits them all. It is fairly clear, however, that anything which will improve the efficiency of the conduct of business in a nation, including the business of government,

will go far towards ameliorating that nation's condition; and it is clear to many of us that the adoption of modern efficiency methods will aid materially in bringing China up to a par with the rest of the international family. This is equally true of native and foreign business; but as an aggregate the native business far exceeds that of the foreign, it follows that the advantage of modern methods is far greater to native business men than to foreigners.

Efficiency is not a gift, it is an acquisition. Modern methods of management are the result of long years of experience and experiment and their practical application comes only through close study and training. They call for a conscious and persistent act of the will. As however, the conscious will acts only in response to a definite perception of a need, *the first requisite in China is a clear consciousness of the need of modernizing her business and governmental methods.*

This consciousness of need can be brought about most effectively by constant publicity and by the training of prospective business men in the most advanced Western methods. There is, to be sure, one other way of producing national conviction on the subject, namely, a national disaster directly traceable to the absence of efficiency; but this is too costly and unpleasant, though, unfortunately, this is not beyond the range of possibility. It is easier, less expensive, and far more comfortable to train a generation of business leaders who will gradually and thoroughly reorganize Chinese business and through it the Chinese government. This is not the work of a month nor a year, but of a generation. The sooner it is begun, therefore, the more quickly will its beneficent results be felt.

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# Chinese-British-American Co-operation at Peking

DURING the same week that the British-American good fellowship banquet was held in Shanghai, there were two meetings along the same line in Peking that were full of significance for Americans and Britons in China and for China as well. One meeting was a Chinese-American-British meeting and the other was an American-British patriotic meeting, both being the first of the kind ever held in that city. Elsewhere in this issue the REVIEW is pleased to present to its readers an account of the American Minister's address at the Chinese-American-British gathering. And we are also glad to have the opportunity of presenting herewith, part of his remarks at the other meeting:

"The present crisis in which we now fight shoulder to shoulder has brought new strength to that unity of feeling which naturally comes from our common language, our historical, literary and political traditions, and the ideals of liberty, justice and fair play which animate our institutions and public action. I here bear witness to the fact that in these great days my nation feels it as a gain which will offset enormous sacrifice and suffering, that such a close understanding has come about between ourselves and the nation from which we are historically descended.

There have always been in the United States and in England many believers in the desirability of a close political understanding between Great Britain and America; and as a matter of fact a close accord has at most times actually existed in the minds of leaders on both sides of the Atlantic. But in the people as a whole the war and the present intimate cooperation have brought a new and stronger sense of the many ties which bind our two countries together.

It is a fact which stands out with significance that there has never been a great empire—and none greater than the British has ever existed—in which the component parts have been held together with so slight, almost disappearing, a sense of coercion. An enlightened self-interest, spontaneous constancy to political traditions, wise balancing of political forces, and a fundamentally just and fair policy, have had more to do with the permanence of the empire than any military or naval strength. It it also through the great self-governing colonies of Canada, Australia, and South Africa, that my nation is drawn close to Great Britain. Their condition resembles our own in the abundance of natural resources, but recently utilized, and in their social institutions. It is natural that a friendly understanding should exist between countries thus derived and circumstanced. In most matters of international policy and organization we have long agreed. From the liberal action of Great Britain, in her relations to her self-governing colonies and in the commercial policy which has thrown open to all the world opportunities of trade and investment within the British dominions, there may be derived the fundamental elements for a world policy through which the productive forces of all nations could be organized for peaceable development and fruitful cooperation after the war.

In this great struggle our two countries are closely associated with other friendly nations striving for common purposes. We all willingly come to the aid of heroic France, who has been shedding her life-blood in the defense of the rights of humanity. That she shall live and continue to exercise her liberalizing influence upon the development of civilization, has become one of the chief purposes of this war. This league of nations, embracing now no less than fifteen countries, represents the greatest achievement of the war. Out of this cooperation in a terrible crisis have arisen common aims and purposes; there has already grown a feeling of community among the majority of the nations of the world such as has never been seen before. This community is now being given a more visible and effective organization at the Conference of Paris, and we may confidently hope that the resulting coordination of joint forces will make the action of the Allies even far more effective than it has been in the past.

THAT China sees nothing but good in the promised cooperation of American and British interests in the Orient is shown in editorial comment in the *Peking Daily News*,

which, in pointing out that this feeling of confidence differs radically from China's feelings in regard to Japanese-American Cooperation, comments as follows in its issue of December 14:

At the same time it must be recognized that in recent years there has been no love lost between Americans and Britons in China. They have fought shy of each other; and somehow or other an element of mutual disregard has arisen between them. Why this should be so it is impossible to say. A distinguished historian, writing on the American Revolution and its causes, says: "The point at issue was a very subtle and refined one, and it required a great deal of mismanagement to make the quarrel irreconcilable." The point at issue between Britons and Americans in China is so subtle and refined that it is invisible except through a very high power microscope, and the exercise of a modicum of common sense and cordiality would cause it to disappear altogether. We hear a great deal these days of Japan-American cooperation in China, America supplying the capital and Japan supplying the brains. We are not so stupid as to suggest the necessity for a similar division of labour between Britons and Americans, but if there were half or a quarter of the energy *spontaneously* put into the furthering of Anglo-American cooperation in China, and if that cooperation were the outward and visible sign of a real inward and spiritual understanding, that is being put into the furthering of Japan-American cooperation, then Americans and Britons could together establish a "sphere of influence" that would embrace the whole of Asia, to the ultimate benefit both of themselves and of Asia, especially of Asia and of China in particular.

It is lamentable that the mere memory of quarrels a century and a half old, and the existence of minute differences in the formulae of their political creeds, should be able to keep apart two peoples who ought to be working together all over the earth for a common ideal and for the same cause. In the year that the War broke out there was planned a great celebration of the fact that for a century the two great branches of the English-speaking race had not been at each other's throats. That celebration was postponed on account of the British having an unexpected engagement in Flanders. Now the Americans have discovered that they have a call there as well, and the finest celebration of a hundred years of peace between the two is the fact that they are now fighting for a common ideal against a common foe. Old misunderstandings are obliterated, new friendships are being cemented, by the joint sacrifice of blood. The main bodies of Britons and Americans are now in all but name one people. Surely it is not unreasonable to expect that their farflung outposts in this part of the world should together in full comradeship carry out their mission in common. If the meetings in Peking and Shanghai mean anything, they mean that the outposts of both can and will do this thing.

# How the Returned Students Can Help China

*The following is a stenographic report of an address delivered by Dr. Paul S. Reinsch, American Minister to China, at a "Chinese-British-American Evening," given by the Returned Students Committee in Peking, December 8.*

THERE is one thing which friendly and intimate intercourse between Chinese and Westerners strongly brings out, namely, that reasonable beings the world over think and feel very much alike. The ease with which Chinese students adapt themselves to social customs and intellectual work in European and American universities, has already been alluded to. Anyone who has had opportunity for observing Chinese students abroad will have been impressed with this and with the readiness with which Western disciplines are mastered by them. At first sight it would seem that the traditional literary and philosophical training of China would render it somewhat difficult to make rapid progress in the exact sciences. In fact, however, Chinese students excel not only in subjects requiring fine literary discrimination, but also in those which are quite remote from traditional Chinese education. Thus they also particularly excel in public speaking, for which there had been until recently but little opportunity in China. I am inclined to attribute the notable success of many Chinese students in oratory to the high valuation which Chinese tradition assigns to the spoken and written word as a thing of importance by itself. This leads the speaker to give greater attention to the value, melody, and cadence of the words used, than is common among Western people.

Of late the attention of Chinese students abroad has been directed primarily to training in science—in the natural sciences, economics and law. In this they respond to the impulse of modern education. The old Chinese system was adapted to a static society, in which the purpose of education was to train and select subtle and capable minds by tests which did not necessarily involve the application of knowledge to action. In our modern dynamic societies, knowledge is valued as power in the sense of the power to do things, to act, to modify and improve existing methods and institutions.

Some of the preceding speakers have bewailed the fact that the students who have returned from abroad are able to make so little impression upon life and action in China. When we consider that they are a mere handful as compared with the 350 million inhabitants of China, this is not to be wondered at. The society of China remains essentially static, and those who desire to form it to new methods of action are as yet confronted with the unyielding inertia

of settled conditions. The individual is but the product of society, and when the students return from abroad as individuals, they are easily re-assimilated by the vast and powerful society around them. Nevertheless they realize that processes and methods must be changed if China is to live, and that methods which would constitute a virtue in the past may easily become or have already become a vice. The question is, how are the returned students to perform their natural function of facilitating the passage of Chinese society from the great but inadequate organization of the past to that efficiency and social self-consciousness which modern conditions require? They can do it only by developing among themselves a feeling of social community which will help them to give living force to the knowledge and the ideals by which they have been inspired in their foreign studies. You must indeed be enrooted in your native society if you are to have influence for good, but its strength and influence over you may well be supplemented by a free association with those in common with whom you have acquired a knowledge of Western processes and institutions. Thus there may be formed a bridge over which China may pass to that great future which her friends know it is possible for her to attain. Such associated effort would comprise all those who have had direct contact with and training in Western methods. But it is quite natural that in connection with this, close relations of friendship and mutual helpfulness should grow up among all those who use the English language, on account of the very convenience, saving of time, and readiness of understanding which the use of a common language implies.

As we look at China today we see all the elements of a great national organization—a vast industrial population, unspent natural resources, the habits of thrift and enterprise which assure financial power. More immediately, the war has also operated to give China opportunities for free development.. With the change in the rate of silver and the arrangements which are being made by friendly nations, the financial position of China can be made better than it has been for generations; but it is necessary that a public opinion be awakened which would make the entire nation realize what public credit and sound financial action mean in the maintenance of national life and independence. When the teacher asked, "Why do the Israelites make unto themselves a golden calf?" the little girl said, "Because they did not have as much gold as would make a cow." The Chinese are often strangely impatient with the means in hand to entertain grandiose plans for far-reaching financial reforms, and often appear impatient with doing those simple things upon which a secure progress could be based. Just by way of illustration, if instead of making big financial plans, the Salt Revenue surplus and the proceeds of the postponed Boxer Indemnity were applied partly to supporting the national banks of issue, this would constitute a definite step in advance which would immensely benefit national and commercial credit without involving the government in any new obligations. It is by putting their knowledge of technical questions, like the above and many others which might be cited, at the command of the public in a spirit of social service, so that the intelligent public of China may back the government in a constructive policy, that the men trained abroad can render their mother country the best return for what they have received. In work like this, they can however be effective only if their efforts are associated and organized.

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# Japanese-American Co-operation on a New Basis

A FOREIGN business man in China recently made this statement: "I don't like Japan's attitude toward China; I don't like the methods certain Japanese firms employ in competing with other foreign firms represented in China; there are certain Japanese firms that I dislike very much because they have imitated several of my trade-marks and brands that I am trying to sell in China, but I must give them credit, *they are doing something*, and that is more than I can say as to China. Instead of getting her house in order and availing herself of her present opportunity, she is spending these precious months in petty squabbles and quarrels and doing nothing toward the unification of her national life that would do so much toward placing her on an even basis with other nations when the end of the war comes and the world draws a deep breath and gets ready for a new start."

Although we can not express entire agreement with this attitude, which does not consider the deep principles of democracy that are being fought for in the "petty squabbles and quarrels" that China is now having, the average foreigner can not but have much the same feeling—provided he pays more attention (as most persons do) to the smoke that hovers above the engine than he pays to the fires beneath the boiler that are going to make the big engine move once they get properly started.

The point we desire to make in this connection is that Japan is doing things. She is never at rest, and when one thing she is promoting does not go through, she is immediately up and at it again. She pressed her Twenty-One demands on China, part of which went through

and part of which fell flat, and brought much discredit on her statesmen. Then she sent Baron Shibusawa to America with a plan for Japanese-American financial cooperation in China. The Americans did not take kindly to the Japanese implication that "we have the brains and you have the money, let's work together in China," and the Shibusawa Plan fell flat. She sent Viscount Ishii to America to do a lot of things to bring about more settled conditions in the Pacific where Japan and America are concerned. He failed to make an arrangement of the steel matter, but he did make an agreement, through which America recognizes Japan's "special interests" in China, which certainly is *something accomplished.* For the last several months China has been visited by scores of official and unofficial Japanese individuals and delegations looking for concessions and making investigations. The storm recently raised in various parts of China over Japan's reported acquisition of important iron and coal mines, showed that at least *something* was accomplished in this connection.

So we must all admit that Japan is "making hay while the sun shines," and we must also admit that although some of her propositions go astray along the highways and byways, some of them will survive and have important future consequences. The latest proposition of interest especially to China, and to Americans and other foreigners in China, has to do with another kind of financial cooperation of Americans and Japanese in China that is now being promoted by Japan.

On November 10, there arrived in San Francisco, Baron Tanetaro Megata, at the head of a special Finance Commission, which in the words of the Japanese government was sent to America "as part of the Japanese Government's program for gaining a comprehensive and thorough idea of the financial and economic measures adopted by the allied powers to meet the exigencies of the world war." Now since the Ishii Mission was sent to America with the announced purpose of "congratulating America on her entrance in the war on the side of the Allies" and as it turned out the Commission was after something else of far greater importance to Japan, we must also look deeper to see what the real purpose of the Megata Commission is in visiting the United States immediately after the Lansing-Ishii Exchange of Notes has presumably settled for all time any differences that may have grown up in the last few years between America and Japan.

The purpose of the Megata Commission is here outlined in an interview in the *Christian Science Monitor*, of Boston, parts of which follow:

"Other commissions, such as that headed by Special Ambassador Viscount Ishii," said a member of the commission "have been political in nature, and have, of course, paved the way for the more intimate and practical program that is now to be carried out by the group led by Baron Megata. As the questions of Japanese-American cooperation in Oriental development, which are to be discussed, involve matters of great and far-reaching importance, and as the members of the commission are men of the highest standing and authority in Japan, and come prepared to deal with the matter in a definitive and effective way, it may be expected that the work of this commission will in every way be of the greatest importance to the future relations of the United States to Japan and the Orient."

In speaking for the commission and discussing its purposes and plans in coming to the United States, Dr. Seiji Hishida, secretary-interpreter of the Governor-General of Korea, said that the coming of this mission to the United States is part of a definite program on the part of Japan for the gaining of information as to ways and means for furthering the development of the Empire both during and after the war.

"Baron Megata and his associates have been sent to the United States at this time," he said, "for the reason that America is now most closely allied to Japan in many ways. The United States is showing extraordinary determination in its preparation for the war, and the financial measures which she has adopted for the duration of the war and the economic policies which she has framed for the period to follow the great struggle, have been planned on such a large scale and with such foresight that they will naturally bring about an entirely new situation in the industrial and monetary circles of the world.

"Inasmuch, therefore, as the United States is to hold a dominant place in the money market of the world after the war, the strengthening of the basis of cooperation between Japan and the United States will be tantamount to advancing the economic position of the Japanese Empire."

"Nor is the financial co-operation between the two countries, in Oriental development which we shall propose, a new idea. There are already several joint undertakings of Japanese and American capital in our country. The Osaka Gas Company, for example, is partly financed by American capital. The General Electric Company co-operates in Japan with our Mitsui Company. The Goodrich Rubber Company has just made an arrangement with Baron Furukawa, copper king of Japan, for the purpose of building up a great rubber industry in Japan, and is to obtain the raw material from the Malay States. Machinery from the United States, covered by American patents, will be used, and while the profits will be shared, the Japanese partners will pay their American associates royalties on all American patents used."

The nature and degree of financial and commercial cooperation of the two countries that is proposed by the commission is, however, as the plan is explained by members of that body, much more than a mere financial arrangement or means of enabling Americans to engage in overseas investment. The proposed cooperation involves a union of both management and employees as well as money, the United States, for example, supplying the technical skill and Japan the more crude labor. In other words, if the plan is carried out as it is now proposed, it is expected that the institutions and organizations that would naturally grow out of the undertaking would have far-reaching effects not only in the realm of

finance and of commerce but also in social, political and economic results and in the solution of racial problems.

"In China, where we hope to do much with the cooperation of the United States," said Dr. Hishida, "it is not our purpose to seek to exclude any country or any group. There is room for all. Japan naturally enjoys some advantages of contiguity of territory and knowledge of conditions in that direction, just as the United States holds these advantages over other nations in the development of South America. But if we have a better position in this respect, other peoples excel us in other ways, so that there is really no reason why any nation should seek to exclude any other. The day of monopoly in world territory or commerce is past."

One important development that it is thought will very likely come out of the visit of that commission to the United States is the consummation of a plan proposed by Mr. Chozo Koike, formerly of the Japanese Foreign Office, for the formation of a Japanese-American chamber of commerce. In explaining the purposes of his plan Mr. Koike said that there is now something lacking in the means available for bringing the two peoples together in a commercial way. And it is to supply this need, to form an organization that shall serve as a common medium for the focalization and consummation of American-Japanese effort, that he proposes the formation of a joint commercial body. The details of the plan are to be discussed during the visit of the commission to various parts of the United States, but that it is very likely to be worked out in some form is indicated by the serious consideration given the plan not only by the Japanese visitors, but by leading American business men.

Since the arrival of the Commission in New York the financial metropolis of America—and also of the World—at the present time, we find the Baron is making excellent headway in his effort to reach the ear of American "big business." On December 8, the Kokusai news service sent a report of the progress of the Financial Commission to the newspapers of Japan. On that date the Japanese magnates were guests of honor at a dinner given by the American Economic Club, which was presided over by Mr. Henry Morgenthau, former American ambassador to Turkey, and among the speakers we find such notables as Mr. David Houston, Secretary of Agriculture, Mr. Frank Vanderbilt, Mr. Charles Hamlin of the Federal Reserve Banking Board, A. C. Bedford of the Standard Oil Company, A. B. Farquhar of the Farquhar Machine Company, Mr. Frank Hine, president of the First National Bank of New York, and Mr. Archibald Kains, president of the American Foreign Banking Corporation, and fifteen hundred other leaders of American business.

As to the exact details of the present plan for Japanese-American financial cooperation, the REVIEW is glad to be able to present the following rough outline from an authoritative source: "The Japanese business world has come to the conclusion that the only practicable way for Americans interested in a business venture in the Orient is to furnish fifty percent of the capital, and the Japanese the other half. This is the only arrangement now being sought by the Japanese financiers in America, since the explosion of the old 'Shibusawa Plan' that the United States should furnish the capital and Japan the brains. As to the head office arrangement of a cooperative venture, the Americans and Japanese would have equal representation on the board of directors and on the staff of officers—for instance, eight Americans and eight Japanese directors. The managing director probably would be an American. Suppose a small railroad is to be constructed. The chief engineer most likely would be an American, but his four or five immediate subordinate engineers would be Japanese. Since the proposition for cooperation has to do with possible future business ventures in China, it is the plan, as announced, to employ Chinese in subordinate positions, under Japanese foremen, and as to the employment of labor, cheapness is to be the only consideration. From the standpoint of materials to be purchased, the plan considers the purchase of materials in both Japan and America, for instance in the case of a railroad, the engines are to come from the United States and the rails from Japan or China.

Since China is engaged to the exclusion of everything else in dealing with her own internal troubles it is too much to expect that she should pay any attention to the plans of others in her behalf. It was much to the surprise of foreigners living in China, that the Northern and Southern factions a few weeks ago found sufficient time to make a formal protest to America *after* the Lansing-Ishii Agreement had been signed. To the average Chinese, the matter of who shall issue the orders from Peking and who shall distribute the patronage is the only thing that matters. The World War, of which China is an Allied part, is something on the other side of the world in which China is not directly interested. The point to this, as stated in the beginning, is that while China fights with herself, her ambitious near neighbor is up and doing. Some of the things she does do not make good, but some of them *do*, and China is likely to discover that while she is doing nothing, something of very great importance is being done *for* her. This new plan of Japanese-American financial co-operation in business ventures in China sounds plausible. Japan's "special interests" in China have now been recognized by the leading world powers. Her words now carry more weight in America than they did a few years or even months ago. If American money and business comes into China in co-operation with Japanese money and business, China has only herself to blame. An

American who has been so successful in business in China that it is not necessary to mention his name in this connection, recently said that his advice to American firms in the matter of going into partnership with the Japanese was this: 'If you have enough money and have sufficient business ability to engage in business anywhere, you can engage in business in China and succeed, provided you use common sense and make a proper study of local conditions as they differ from conditions in other countries. If you haven't sufficient money and are not confident of your business ability then you had better take somebody into partnership with you who has these qualifications.' "

This matter has been discussed at length in this REVIEW before, so it is not necessary to go into it further, but China must understand this point. She objects to having Japan and other nations do her talking and thinking for her. Since America entered the war, Japan has sent several commissions to America. Two are there now, the Megata Mission and a Parliamentary Commission. These commissions are discussing China and her affairs both officially with the American Government and unofficially with thousands of American business men who are interested in extending their business in the Orient. China has not sent a single commission to America. Both of her factions have sent individuals to bid for public favor and funds from patriotic overseas Chinese. It is understood that the American government would like to send a commission to China to make a study of conditions here and perfect plans for assisting China in settling her difficulties, but nothing can be done as long as China is a divided house. Everybody agrees that China must have time to adjust herself to modern conditions after making her radical change in government, but China should also understand that the world is doing things more rapidly now than a few years ago. Century old precedents and traditions are being overturned in other parts of the world every day.

J. B. P.

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# Japan's Chance in Russia

*The following is a summary of editorials appearing recently in the leading Japanese newspapers. It will be noted that Japanese interest in Russian affairs, as well it may be, is very keen indeed.*

THE *Tokio Asahi* gives its opinion of what Germany intends to do in the war and what her war tactics will be, and in conclusion says that England, France and other Entente Powers are expected to go to the assistance of Italy with their power.

" Germany has now partly established her control over Russia. Whether or not the Maximalists will be able to remain in power, Russia is now gone as a belligerent power, without any hope of her revival as such. Germany from now on would hasten to throw down her arms as far as Russia is concerned and shake hands with that country."

The editor then reviews Germany's proposals to Russia as to restoring ante-war economic relations, to waiving import tariff for 16 years to come for Russian goods, etc. Germany's intentions with regard to Russia are based upon her economic relations with that country running back for one hundred or more years. But as far as Russia is concerned, the reason why she waged war against Germany three years ago was that she wanted to break away from the German economic yoke. If she is now to restore peace on condition that she shall be placed under the same old economic yoke of Germany it will mean that all her past efforts will have been turned to nought. It will be a great national disgrace indeed.

In this respect, the nations which must take careful notes of the effects which such development may bring about will be Japan and America, the editor warns. The two nations are closely related to Russia and her possessions economically, in view of the various trade relations which have been improved in the past by the abolition of restrictions, etc. America has been willing to assist Russia because of her past links with that country. She wants to improve those connections with Russia.

As for Japan, her geographical proximity to Russian possessions gives her convenience to unyoke Russia from the German economic power so as to replace Germany in Russia. But should Germany be permitted to re-establish her economic power in Russia, it will be a serious thing for Japan and America. In this respect, America and Japan should pay close attention to the latest developments in the relations between Russia and Germany.

The editor then turns his attention to the war situation in Italy. The Italian situation, he says, is serious. The German and the Austrian forces are liable to rush through the Italian defences. They are planning to occupy the whole of Venetia. Such may be the later developments in that direction. Should the enemies succeed in that, the shake up of Italy will be a serious one. The Paris Conference has completed plans for military co-operation among the Entente Powers. The editor expects that the Entente Powers will be prepared to meet the situation. But in view of the failures of the Entente Powers to assist Serbia and Montenegro, everything should be done to see that the plans of the Entente Powers to assist Italy will not fail.

*The Jiji* comments on the report that the Maximalist Government of Russia declared it will repudiate the foreign debts of the country and says that this is an outrageous thing to do. The editor greatly doubts the validity of such repudiation, as well as its effectiveness. A national debt of a country and its interest payment should not be repudiated even if the Government be changed. This ought to be clear to the Maximalists, the editor warns. To be sure, there have been examples in the past of some nations repudiating domestic debts in whole or in part. But such acts were considered to be highly unjust; and in the modern world, in which private rights of people are highly respected, such a thing is altogether beyond dreams. Moreover there has been no example in modern history of foreign debts having been repudiated.

But the foreign nations holding Russian bonds will not listen to the declaration of the Maximalists. It needs not to be considered seriously at all. It is ineffectual and the foreign debts of Russia will not suffer

any from the Maximalist declaration. Japanese who hold Russian bonds may rest assured, the editor says.

But while the declaration is ineffectual, it must be expected that so long as the Maximalists stay in power the period of redemption of bonds or payment of interests will be delayed. Of the total bonds held in Japan of 258,000,000 yen, 50,000,000 yen of treasury certificates will become due in February, next year, and they need to be renewed. But if the Maximalists should repudiate the foreign debts then the renewal cannot be effected. The 30,000,000 yen payable for arms and war materials purchased in Japan also cannot be settled if the repudiation should stand. The creditors may have to expect to hold the documents as if they were dishonored notes.

The editor urges the Bank of Japan to take some steps to see that the inconveniences of those bond or note holders are protected.

The *Hochi* tells us to cheer up, for the worst is yet to come, in commenting upon the report of Russia's repudiation of foreign debts. Unprincipled ruffians may dare to repudiate their debts, but such an act is not to be expected of a civilized nation. The report that the Russian Maximalists will dare to do so is indeed a surprising one. But worse things than that are being done in Russia, and there is no telling what might take place in that country in future. Some proper steps should be taken to safeguard the interests of foreign countries interested in Russia.

The Russian Government owes to England 6,700,000,000 roubles, to America 750,000,000, and to France 350,000,000. Add to these the capital which the Frenchmen invested in Russia for industrial purposes before the war, the figure will become a very high one. Japan, since the war began, lent to Russia a total of 260,000,000 yen. The Leninists may find it very convenient to repudiate these debts. But the creditors will not be put off.

Since the Maximalist Government has not yet been recognized, the declaration of repudiation of debts will not be considered as a formal affair. Even if it be a formal affair, it will not bind those who are out of the reach of the Maximalist authority. The creditors should take proper steps to see that their interests are protected. If Russia will not live up to the contracts, the foreign nations should take independent action. England, America, France and other countries will suffer more than Japan in that respect. Japan does not need to get excited.

But there is something more to be dreaded than the repudiation of foreign debts by Russia. It is that from now on Germany may stand behind Russia and use the benighted country for her own interests in the war. Should Germany overrun Russia through Siberia, and come down upon the Orient, the Kaiser may be able to devastate China and India at any time. This is what Japan should dread, especially as she is entrusted with the task of protecting the peace of the Orient. This should not be forgotten by any means.

The *Kokumin* also comments on the report of repudiation of foreign debts by Russia and says that since the Leninists are in the German pay Russia is likely to be made a tool of by Germany, should all those outrageous attempts of the Leninists succeed in Russia. The editor wants to know whether the Russians are aware of the danger.

The *Chugwai Shogyo* is worried about the report of repudiation of foreign debts by Russia and says that so long as the Maximalists remain in power worse things might take place. The editor repeats what has been said by other journals as to the unlawfulness of the proposal to repudiate foreign debts. But there is no guarantee that the Maximalists will not dare to do worse things than that. This act of the Maximalists will have a sinister effect upon the economic and financial condition in Japan. Japanese investors will hereafter be afraid of investments abroad.

Should the Maximalist Government actually repudiate the foreign debts the bonds which Japan holds from Russia may become a loss to the Japanese Government. The Japanese Government is therefore expected to take proper steps to see that the interests of Japanese holders of Russian bonds are protected. The Government should co-operate with other creditor nations to protect the interests of these creditors..

The *Tokio Mainichi* discusses the question of the independence of Siberia and says that if such things should prove to be possible it will be a serious affair for Japan. The editor tells us that there are 10,000,000 people throughout the vast country of Siberia, so that the ratio of population to the area is 2 to a square mile. Siberia cannot support itself. It has to secure supplies from Russia or from Japan. It cannot establish its independence by itself. Japan entrusted with the duty of maintaining the peace of the Orient is expected to give protection to the inhabitants of Siberia in the interest of humanity and peace.

What the editor wants above everything else in regard to Siberia is that law and order there should not be disturbed. The editor observes that the Leninists are generally Jews. But there are not many Leninists in Siberia, only about 30,000 or 40,000. They will not create much trouble in Siberia.

Siberia is an Asiatic country, although she is under the Russian rule. Her affairs will naturally affect the welfare of Japan. Some steps should be taken for Japan to protect her interests in view of the possibilities of changes that may take place in Siberia.

## Constructive Criticism

A Boston banker who has been doing his war bit in dozens of different ways says: "The time has come, it seems to me, when the American people must awake to the immense value and importance of fair, frank, and honestly-meant constructive criticism. Since we entered the war the nation has adopted wholeheartedly the notion that it must back up Washington, the government, in everything that is done. This is right. But the trouble is this opinion seems to have swung so far in this direction that any one who presumes to criticise is promptly branded either as German in sympathy, or disloyal to his country.

"It is high time that we pushed aside this nonsense. As a nation we have always proceeded upon the theory that we could trust one another. We must get back to that idea, and with it will come a line of constructive criticism that will enable us to correct quickly and effectively the mistakes which are inevitable. Mistakes do not cure themselves. Glossing over their existence is a dangerous proceeding. And if we are really a democratic country it is only right that the people who are bearing the burden of this great struggle for right should be able to point out mistakes, suggest better methods, and co-operate for betterment in the building up of our war machine."

# Week's News Summary

## THE WAR

*December 13.* The Germans begin a strong offensive against that portion of the Hindenburg line recently captured by the British.

*December 15.* The German newspapers publish hints of an impending decisive blow on the Western front. The military correspondent of the London *Times* states that the British Army needs a million more men in order to maintain the existing forces during 1918.

*December 16.* The Maximalist Commander-in-Chief, Krylenko, signs an armistice at Brest Litvosk, which is to continue in force automatically unless a week's notice is given on either side.

*December 17.* An Italian *communique* reports violent artillery action between the Brenta and the Piave.——United States Secretary of War Baker in his weekly review states that the Entente still holds the initiative on the Western front.

*December 18.* One of the terms of the armistice made with Germany is that the Russians agree to take their troops out of Persia.——10 persons are killed and 70 injured in the London district as the result of a German air raid; two of the raiders are shot down.

*December 19.* The British Admiralty's report shows 14 ships over and 3 under 1600 tons sunk during the week.

## CHINA

*December 14.* The printing office of the *Peking Gazette* is officially sealed up by the Metropolitan Police; this action is stated to be taken at the request of the Ministry of Finance, which claims $50,000 from the proprietor; some of the Gazette's printing machinery has already been removed to the office of the Ministry of Finance.

*December 15.* The Peking Native Press reports that the Cabinet at Peking is discussing the status of the Shanghai Mixed Court, which was taken over by the Consular Body of Shanghai during the Revolution of 1911. The foreign Ministers at Peking are to be approached on the subject of restoring the Shanghai Mixed Court to its former status—namely with the Chinese Magistrate as the presiding judge of the Court.

*December 17.* Lung Chih-kwang, on attempting to assume the duties of Inspector General of the provinces of Kwangtung and Kwangsi, is met with a refusal from Lu Yung-ting to hand over the official seals. Lung Chih-kwang in a telegram to Peking states that his troops are moving upon Canton, where he intends to establish his headquarters.

*December 18.* A mandate issued in Peking relieves Premier Wang Shih-chen of the office of War Minister and appoints General Tuan Chi-kwei as his successor; this appointment is regarded as a victory for those who favor a compromise with the South.

## JAPAN

*December 13.* A fire destroys the works of the Japan Artificial Fertilizer Company and also the godowns of the Fuji Paper Mills at Osaka; the damage is estimated at about a million yen.

*December 17.* Baron Ishii is the guest of honor at a banquet in Tokio, at which 200 prominent Japanese and Americans are present. Baron Shibusawa presided, the guests being the members of the Special Mission to the United States, and the American Ambassador. In a speech Baron Ishii explains that Japan's "special interests" are not a menace to China, and that the policies of Peking are to be free from Japanese pressure; he assures his own people that America's friendship to Japan is sincere.

## GENERAL

*December 13.* M. Caillaux, the notorious French deputy, is charged, in evidence given by the Military Governor of Paris, with having sought to disrupt the Entente.——A delegation of silver producers is conferring at Washington on the Government's plan for contracting for a year's output. It is believed that owing to the high cost of production it may be necessary to fix a price of G. $1.00 per ounce.

*December 14.* An inquiry is being opened at the general army head-quarters in London into the recent retirement by the British troops at Cambrai.

*December 15.* The United States Fuel Administration decrees several lightless nights weekly, with the purpose of saving coal.

*December 17.* Telegrams from Petrograd indicate that conditions in Russia are becoming worse; the Maximalists continue to make wholesale arrests, the latest victims being a batch of ex-Treasury officials. Trotsky threatens that the guillotine is ready for "enemies," and that the terrors of the French Revolution will be repeated in Petrograd within a month.——The Conscription Act is carried in Canada by a big majority, the returns giving Sir Robert Borden's Union Government 128 seats as against 87 for the Opposition. The Province of Quebec, whose inhabitants are nearly all of French descent, stood out as a unit to the last against the Conscription Act, the English-speaking districts of Montreal, three in number, being the only seats obtained by the Government in that province.

*December 18.* A special commission to the French Chamber recommends the suspension of Parliamentary immunity of M. Caillaux.——The Pope is sending a communication to the bishops in belligerent countries stating that the Vatican will condemn any Christian country assisting the Turks in an attempt to reconquer Jerusalem.——The U. S. Senate accepts the resolution passed by the House prohibiting the manufacture and sale of intoxicants throughout the United States.——Charles Piez succeeds Rear Admiral Harris as Manager of the U. S. Emergency Fleet Corporation; 8,395,000 tons dead-weight of shipping are being constructed.——The Bolshevikis are expected to repudiate foreign loans; the *Frankfurter Zeitung*, the principal organ of German financiers, expresses horror at such a proposal.

# America

A shipment of 292 cases of foodstuffs to the North Pole was authorized by the first license issued by the U. S. Exports Administrative Board. Captain Raoul Amundsen, the explorer, was the recipient of license No. 1.

The Commercial Cable Company of New York announced on November 12 that after that date all "code" addresses, other than government, will be cancelled except one general code address for each individual firm or organization.

The exports of the United States of America of war materials for the period of the war, thirty-seven months, were valued at $3,926,847,000. The total value for the fiscal year, 1914, was $270,000,000; for 1915, $435,000,000; for 1916, $1,329,000,000; and for 1917, $2,127,000,000.

Lieutenant-General Chiang Ting Tzu of China arrived in San Francisco on the Pacific Mail steamer, Colombia, last month. In a statement issued in San Francisco upon his arrival the General stated that he was going to Washington for a conference in regard to the sending of a Chinese army to the Western front.

According to a despatch in the New York *Journal of Commerce* the Anglo-American Corporation of South Africa has been formed. The corporation has obtained on favorable terms the best of the gold-mining areas in the Eastern Rand district of South Africa. The initial capitalization of the company is G. $5,000,000.

Mr. Hung Lum Chung, the second Chinese student to receive the degree of Bachelor of Science in Agriculture at the University of Missouri, and one of the few Chinese students in America to specialize in this subject, has returned to China to take a government position in South China where he will help develop the farms of that section.

Several classes in Foreign Trade have been opened in connection with the University of Washington at Seattle. Some of the subjects studied in connection with the courses are World Economies, World Markets, Exporting and Importing Policies, Economic Resources of Nations, Financing of Shipments, Marine Insurance, Handling of Exporting and Importing Papers.

According to a recent note in the *San Francisco Chronicle*, T. K. Tanaka, proprietor of a large Japanese wholesale firm in San Francisco, was arrested by the United States Marshal in connection with an alleged conspiracy to ship liquor into "dry" territory in the states of Washington and Oregon. The U. S. officers stated that the firm had been shipping liquor in cans concealed in jars of Japanese candy and beans.

The Mechanics and Metals National Bank of New York has just issued a booklet entitled "The Cost of the War," in which it is shown that the war is costing the nations of the world, G. $6,500,000 an hour and G. $160,000,000 a day. According to the estimate given the war has cost all nations to date 100 billion dollars, of which all but a fraction has been translated into permanent national indebtedness.

The city of Washington, D. C., went "dry" November 1, the recently enacted prohibition law becoming effective on that date. It is now the only capital in the world where liquor may not be sold publicly. It is estimated that the yearly drink bill of America's capital was more than G.$15,000,000. Wines may still be served at private parties, but there will be none at official dinners.

Mr. K. Mochizuki, head of the delegation from the Japanese House of Representatives which is now touring the United States, in an interview in the New York Times last month said: "The recent accord between the United States and Japan concerning China opens a new epoch in our relations and effectively removes a possible source of friction. It is for us Japanese to treat the Chinese fairly and squarely, and we intend to do it."

A Japanese Educational Commission is now touring the United States to study methods in use in American public schools. While in Philadelphia, Mr. Matae Suzuki, head of the party said: "The one great thing that has impressed us with American public schools everywhere, is the freedom of the individual pupil. The American system appears to be in complete accord with what we understand to be American ideals. In Japan and in most European countries the pupils are under strict discipline and have little chance for individual development."


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# Women's Work

## The American Woman's Club

The Philanthropic Department of the American Woman's Club held a meeting Tuesday afternoon at the Carlton Cafe. Christmas contributions, consisting of dolls, fruit, books, clothing, tinned goods, fancy work, and money were brought for distribution for the poor. The leaders of the eight groups of the Philanthropic Department reported on their investigation work. Mrs. Wilbur presided at the meeting and Mrs. Woodbridge presided over the Philanthropic Department.

Mrs. D. H. Kulp, leader of the group that has been investigating the Yangtszepoo mill district, told of the need of social workers to take up the problem of the Chinese employees in the cotton mills. She pointed out the co-operation of the mills in the matter of establishing rest, recreation, and medical wards for their employees. In one factory there were 5,000 women and girls at work, and one in every five was a girl. The best pay is 30 to 40 cents a day, with a minimum for girls of 10 cents. The speaker said there should be a social worker to speak to these women during the noon meal time, to give advice regarding their homes and children, or organize clubs among them to study their moral and economic problems and to be a leader in the movement to better their social lives. Mrs. Kulp suggested that the American Woman's Club adopt the idea of maintaining a social worker in the cotton milling district, to work in conjunction with the newly organized Yangtszepoo Social Center. The majority of the mill owners have already shown interest in the scheme and have indicated that they are ready to co-operate for the betterment of their employees and anxious to see the work begun.

Mrs. Fitch made a report on the Kiangwan Orphanage, the Bible Study and Prayer Home, and the Poor Farm in the native city. Her report showed that 1,400 children had been taken care of in six years, that at present there are 250 boys and 50 girls in the Orphanage, and that the children are doing remarkable mechanical work. She told of the work that is being done at Mr. Wo's Widow Home, where at the present there are 32 widows and 24 children being cared for. The Door of Hope at Kiangwan, as reported by Mrs. Fitch, shows what can be done with the wayward Chinese girls.

Miss Silver gave a report on the Loong Hwa Orphanage and told what rapid progress had been made with the children. Miss Freda Boss of the Y.W.C.A. spoke of the playground that had been established at the West Gate and of the Chinese Girls' Physical School near there, where psychology and music are taught, but Chinese boxing seems to dominate the curriculum. Mrs. Brenneman reported on the establishment of the Little Sisters of the Poor where 300 aged are cared for by the French Sisters and their Chinese assistants. She told of how one of the inmates had brought his huge coffin with him, large enough for three, with the hopes of taking plenty of "chow" with him into the spirit world. Mrs. Remer's report was postponed until the next meeting, owing to the lateness of the hour. Her report will be on silk filatures and their workers. Mrs. Ward spoke of the Ricsha Mission.

Mrs. Darrel Drake at the opening of the meeting gave two piano selections, Beethoven's "Fur Elise" and Handel's "Chaconne." At the business meeting the following elections were made: 2nd vice-president, Mrs. Lacy; Membership committee: Miss Alice Allen, Mmes. Hallam, Saunders, Raven, Lockwood; three year term, Mmes. Geo. A. Fitch, McRae, Benjamin, Beebe and Ashley for two years; Mmes. Sheldon, Stockton, McCracken, J. C. Clark and Miss Tuttle, for one year. Courtesies committee: Mmes. Sites, Baldwin and Hoffman for three years; Mmes. Dunn and Emens, two years; Mrs. Bernard, Mrs. Nichols and Miss Silver for one year. Publicity committee; Mrs. Webb three years; Mrs. Cabeldu; two years: Miss Oldroyd, one year. Consul General Sammons addressed the audience in regard to the American Red Cross Christmas campaign.

## War Relief Work at Hankow

The Americans at Hankow have organized the Hankow Branch of the American War Relief Association of China. The President is the Consul-General of the United States, Mr. E. S. Cunningham; vice-presidents, Mrs. Hunter Mann and L. B. Ridgely; secretary, Mrs. L. H. Roots, and treasurer, Mr. Verne Clair of the International Banking Corportaion.

## U. S. Red Cross in the Philippines

The Manila Woman's Auxiliary of the Red Cross secured from the Philippine Branch 5,000 pesos, which were sent to the flood sufferers in and around Tientsin. Other donations of clothing materials, blankets, etc., have been shipped.

The American National Red Cross in the Philippines have adopted the name Philippine Chapter, instead of Board. At a meeting on December 4, a committee was appointed to collect cigars and other smokes for the Sammies somewhere in France. The committee will conduct a campaign in the city to get every cigar and cigarette possible, as well as pesos and centavos, which are expected to be sent within the earliest time possible for the American soldiers in France as a New Year Souvenir from the Philippines.

## Chinese Girls Aid Red Cross.

The Chinese girls of the San Francisco Chinese Presbyterian Mission, San Francisco, under the direction of the Occidental Board of Foreign Missions, November 15, gave their annual bazaar where needlework products of the girls were offered for sale. Tea was served throughout the day and the proceeds will go to the American Red Cross.

## A Sale at Door of Hope Mission

In the ground floor rooms of the Raven Trust Building the Door of Hope Mission have a number of articles on sale suitable for Christmas gifts—such as, a variety of bags, fancy work, wearing apparel, dolls, handkerchiefs and table centers. These will be on sale for the next few days.

## Christmas Sale at Woman's Exchange

The American Woman's Exchange at the corner of Avenue Edward Seventh and Rue Montauban has a wide variety of Christmas gifts on sale, such as dressed dolls, kewpies, games, toys, and baskets, for the children. A box has just arrived from the United States with patterns of evening dresses, ladies sport skirts, hair ornaments, hat pins, ribbons, and some popular music; they also have on sale fresh home-made candies, cakes and gems, and orders can be taken for these at the Exchange. Much interest is now being taken in the the store, which was well patronized all week by persons in search of Christmas presents.

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### Negro Art for War Relief

The American Circle for Negro War Relief had an exhibition of pictures, all by negro artists, for sale on November 5, at the Coady Art Gallery, New York. The proceeds from the sale of these pictures will be given to the fund for the relief of negro soldiers and their dependent families. The display consisted of paintings, drawings and color work, the latter being contributions from negro children in the schools of New York.

### Mr. Morris Addresses Women's Club of Tokio

Mr. Roland Morris, the American Ambassador to Japan, addressed the Tokio Women's Club December 3, on "Civic Problems in America." Mr. Morris showed how women have become valuable in public life as censors of moving picture shows, inspectors of hygiene, members of educational boards, and in other public capacities. He told how the economic conditions have promoted the position of the American woman.

### Y. W. C. A. to Raise Fund of G. $4,000,000

Four million dollars gold, is the goal towards which the War Work Council of the Young Women's Christian Association is working in America. California's share is fixed by the War Work Council at $375,000. The funds raised will be for the establishment of hostess-houses at the army cantonment camps, recreation and entertainment for the American nurses in France, and for work among that class of girls and women that are taking the places of men in industries.

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### U. S. Chinese Students Present Play

At a conference of the Chinese Students Alliance of Eastern States, recently held at Brown University, Providence, Rhode Island, a play entitled, "A New Order Cometh," was given by the students. It was written by one of the young men and was based upon marriage reform. This play had to do with two students that had come to America, and as their collegiate courses were closing they confessed love for each other; however the young man received a cablegram directing him to return at once to China as his wedding day had been set. When the rival surrenders her betrothed to another and marries the class-mate of the Chinese student thus, "A New Order Cometh in China."

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### A Red Cross Drive in China

Consul General Sammons is in receipt of a cablegram from the National Headquarters of the American Red Cross at Washington, stating that a Christmas campaign for 10,000,000 new members has been started and will continue until Christmas. The National Headquarters urges Americans in Shanghai and throughout China to exert their utmost endeavor to secure members at large, in accordance with President Wilson's proclamation. The Cousul General has been requested that the numbers of persons joining be cabled to Washington on Christmas day. Persons desiring to join the Red Cross should send their subscription to Miss E. R. Jansen, No. 2 Jessfield Road, Shanghai. The membership application is as follows:

Application for membership American Red Cross.

Date .....1917.

Headquarters Washington, D. C.

I hereby apply for membership in the American Red Cross in the class checked below, my membership to include a subscription to the Red Cross Magazine.

| | |
|---|---|
| Subscribing Member annually.....$ | 2.00 |
| Contributing Member annually..... | 5.00 |
| Sustaining Member annually..... | 10.00 |
| Life Member one payment..... | 25.00 |
| Patron Member one payment..... | 100.00 |
| Note: Annual Membership without the magazine,.....$ | 1.00 |

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# Men and Events

No newspapers will appear in London on Christmas Day and no evening papers on Boxing Day (the day after Christmas).

E. Eglé, of the manufacturing department of Andersen, Meyer & Company, has returned to Shanghai after an extensive trip in America.

Julean Arnold, American Commercial Attache of Peking, is in Shanghai for a short time. He has been in South China for several days where he visited in Canton, Hongkong and other places.

Senator Jacob H. Gallinger of New Hampshire has introduced a resolution in the U. S. Senate which has for its object the legalizing of the importation of Chinese coolies into the United States.

J. J. Connell, vice president of Connell Brothers Company of Shanghai, and Mrs. Connell are planning to depart Sunday, December 23 on the s.s. Russia for America on a vacation.

W. J. Vine, managing director of Hall & Holtz Ltd., has been granted a nine months' leave of absence. Mr. Ward, manager of the Tientsin branch, will take charge of the company during Mr. Vine's absence from Shanghai.

The manager of the Shanghai branch of the Banque de L'Indo Chine announced during the week that up to date subscriptions had been received for the Fund For War Devastated Villages to a total of (the equivalent of) Francs 2,291.05.

Charles S. Denby, formerly Consul General for America at Shanghai, but in recent years Vice President of the Hupmobile Co., resigned last month from that position to join the U. S. War Trade Board at Washington, D. C.

Dr. Y. T. Tsur, President of Tsing Hua College, returned to Peking last Saturday from the United States, to which country he recently took a batch of Indemnity students to be placed in various universities and schools.

James MacDonnell was arrested at Shanghai December 20 on his return from Japan on a charge of embezzling three thousand dollars. The warrant was issued at the request of his brother, A. M. MacDonnell of the MacDonnell-Chow Corporation.

The American Song Service will have a special program Sunday afternoon, December 23, at 4:30 o'clock in the Palace Hotel. There will be several quartets,

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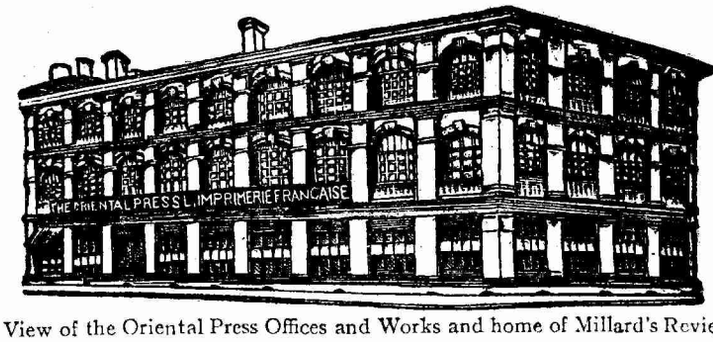


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solos, and selections from a Christmas chorus. C. L. Boynton will give a short Christmas address and a collection will be taken for a charitable enterprise, the nature of which will be announced at the meeting.

Admiral Susuki, in command of the two Japanese cruisers lying at Shanghai, together with his staff were entertained at a banquet at the arsenal on the afternoon of December 19 by General Lu Yung-hsiang, the local Defence Commissioner, and F. M. Sah, Commissioner of Foreign Affairs. Many prominent Chinese merchants were present.

P. Grant Jones and A. G. Mossop returned from Weihaiwei on the s.s. Tungchow December 20, where the former acted as Judge and the latter as prosecuting attorney in a criminal case held in that port.——Weihaiwei is British leased territory and was acquired by Great Britain at the time Russia took over the lease of Port Arthur.

Harry Diercks was acquitted at the Shanghai Mixed Court, December 20, of the charge of embezzlement which had been brought against him by a Russian subject. Diercks had testified at a previous hearing that he was born in Tientsin of a Chinese mother and a Danish father, whose native city was conquered by Germany during the Danish-German wars.

At the close of the second week's campaign of the Chinese Y. M. C. A. 500 members have been obtained. At the rally this week Z. T. Yui, the general secretary of the Y. M. C. A. National Committee, gave an address on "Y. M. C. A. Work and True Citizenship in China." Three interesting films were shown: "Making of Christmas Crackers in London", "The Industrial Blinds in London," and "His Majesty Baby-boy."

Coach Harry Maloney of Stanford University California, in a conference with I. Kami, director o Physical Education in Tokio, decided that the Stanford Varsity men may make a tour of Japan during the coming summer. Kami was very enthusiastic over the project and is going to take up the matter with authorities in Japan immediately upon his return from America to Japan.

A Chinese paper at Peking, whose name translated into English is *The Morning Bell*, reports that Kang Yu-wei, who assisted Chang-Hsun to play the part of the Earl of Warwick several months ago and who since that time has been in hiding in the foreign legation quarter at Peking, was smuggled out of Peking December 7 by a foreigner who had hired a special car for that purpose. Kang has escaped to an unknown destination.

The weekly meetings of "The Quest Society of Shanghai" are held on Mondays at Messrs. La-Fuente & Wootten's Offices, Union Building, No. 4 The Bund, Shanghai, commencing at 5:55 p.m. and closing punctually at 7 p.m. The officers of the Society are, President, Dr. Wu Ting Fang, Chairman, Dr. A. Chatley, Honorable Secretary, S.W. Wolfe, and Honorable Librarian, Miss M.V. Andrews. The general subject of the program for 1917-1918 is "Psychology in Actual Experience."

Among the passengers arriving in Shanghai by the s.s. Colombia last week was Miss Grace Helmick, who acted as campaign manager for Miss Jeanette Rankin of Montana, recently elected to the U. S. Congress, of which she is the only female member. Miss Helmick was married immediately upon her arrival to Jesse E. Hayes at the rooms of the American Bible Society, the ceremony being performed by Dr. Hykes. Mr. Hayes is a construction engineer with the American Trading Company, and hails from Salem, Oregon.

As a result of a judgment delivered recently in the French Mixed Court, the Shanghai Nurseries, located at 375 Avenue Joffre, have been taken over by the China Mutual Life Insurance Co., Ltd., in view of the failure of the owner, a German named Eckhardt, to pay interest on mortgages incurred on said property. The case came into the French Court owing to the fact that the defendant lives in the French Concession; although a born German, later naturalized as an American, and on coming to Shanghai registered at the German Consulate, he claimed that he was without nationality.

H. D. Rodger, a member of the American Bar, was plaintiff at the Shanghai Mixed Court December 17 against a man named Wong, described as an interpreter at the Louza Police Station, for $25,000 damages for libel. The plaintiff's case was that he had bought eight tickets for the Champion Sweepstakes at the recent Races, and had given the defendant as a gift a half interest in these eight tickets; one of the tickets won the prize, but previous to the race having been run the plaintiff with Wong's consent had sold a half interest in the winning ticket for M.$10,000; plaintiff had paid Wong $24,500 as his share of the winnings. The defendant Wong is alleged to have spread stories that Mr. Rodger had taken advantage of him and had only paid him half of what he should have received. Various members of the Shanghai Race Club gave evidence for Mr. Rodger. Judgment was reserved.

Another new daily paper commenced publication in Peking in the English language December 16. It is known as the *Peking Leader*, and its editor is Dr. M. T. Z. Tyau, who until now has been Professor of International Law at Tsinghua College, and will be remembered as the author of that very excellent work, "The Legal Obligations Arising out of Treaty Relations between China and other States." This new paper is the first in China to be "set" on a type-casting machine producing individual types, and will to a certain extent doubtless fill the place formerly occupied by the suppressed *Peking Gazette*. It appears that the *Peking Gazette* is now permanently dead, and it also seems that the Ministy of Finance holds a mortgage of $70,000 on the property, contracted by the previous owners. An esteemed weekly contemporary in Japan last week made the foolish statement that Peking was not adequately represented in the newspaper line. But the facts are just the contrary. There is not room for more than one daily paper in Peking if it is to live on its merits, and yet Peking has as many daily papers as Shanghai has. And arrangements are now being made to start another daily in the Capital, to be printed in the plant of the suppressed *Peking Gazette*.

## The Political Muddle at Peking

An interesting development in the Chinese political situation at Peking, as reported by the *Peking Evening Times*, is that upon the request of Acting President Feng and acting Premier Wong Shih-tseng, ex-Premier Tuan Chi-jui proceeded to the presidential palace December 14 at noon, when a special conference was held between Feng Kuo-chang, Wong Shih-tseng, Tuan Chi-jui and Tuan Chih-kuei. During the conference, Wang Shih-tseng again expressed his intention of resigning his dual-post in favor of Tuan Chi-jui as there was no hope of a peaceful solution of the disputes, chiefly on account of the fact that the northern Tuchuns oppose the reconvocation of the old parliament while the southwest demands this as one of the most important terms of peace.

Further, the disputes between the northern Tuchuns and the Yangtze Tuchuns are getting serious as the troops under the command of GeneralNih Shih-chung are now marching towards the frontier of Kiangsu evidently with the intention of driving out Li Shun from Nanking, while on the other hand General Li Shun is also making military preparations against this.

In addition to this, the attitude of Generals Lu Yung-hsiang and Chang Chin-yao, the former at Shanghai and the latter at Hsuchow, is against Li Shun so that they may assist Nih Shih-chung to attack Nanking when hostilities commence between Li Shun and Nih Shih-chung on the Anhui and Kiangsu frontiers.

Generals Chen, Kuang-yuan and Wong Tsan-yuan cannot assist Li Shun on account of the aggressive attitude of the combined Kuanghsi-Hunan forces on their frontiers, so that the position of Li Shun is very precarious at present.

This sudden development is the result of a conference between Generals Chang Hoai-tze and Nih Shih-chung at Pengpo, so that the Tuchun of Shantung will also take part in the driving out of Li Shun, who is now called "a bad horse in the Peiyang Party" by the northern Tuchuns as they suspect him of having secret agreements with the Kuomintang party. in strongly advocating the reconvocation of the old parliament.

During the meeting, Tuan strongly refused to resume his post at this moment but pledged himself to assist Wong Shih-tseng to solve the political situation, because both Feng and Wong are powerless and purposeless now.

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## American Opinion on the Lansing-Ishii Agreement

(*From the New York Times*)

"The Government of Japan, of course, understands that our recognition of its special interests in China concedes no right or authority over the destinies of the Chinese people, and does not, can not, in any way impair the sovereignty of their Government. If through any misunderstanding of this fundamental fact China, feeling herself aggrieved, should be forced to appeal to us for protection against Japan, or to Japan for protection against us, the Lansing-Ishii agreement, as we have said, would become a source of danger to the friendly relations existing between the two parties to it.


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"For our part, we can have no intention of trenching upon the territory or upon the sovereign rights of the Chinese Republic. We accept this agreement as a solemn engagement on the part of Japan to respect the territory and the sovereign rights of China as we shall respect them, and it is a reassuring pledge. . . . The agreement will be put to the test, not at once. but when the commerce of the world resumes its flow in the usual volume and through natural channels after the war."

*From the New York Evening Post*

"The professional Japanese hater, to be sure, will find in the recognition of Japan's special interests in China an open road to the establishment of Japanese predominance. Under 'special interests,' the Hearst publicists will find, no doubt, a free hand for Japan in the control of the Chinese Army, or the monopolization of the management of Chinese arms-factories, or the establishment of Japanese police power within Chinese territory. To these the only, and the sufficient, answer must be that the reality of the danger is precisely in proportion to our readiness to scent it. If we are convinced, as Mr. Hearst is convinced, that Japan is out to grab China, then every Japanese move will be an act of aggression. If we give credence to the pledges of the Japanese Government regarding Chinese independence and territorial integrity, we can await the event calmly. On the basis of these pledges we can formulate our protests whenever we disagree with Tokyo upon the implications of a specific act."

# Far Eastern Press Opinion

## Chinese Expeditions and Requests for Funds

*From the Eastern Times, Shanghai, (a daily Chinese newspaper)*

Tsao and Chong, both of whom are in favor of military action, have been named respectively commanders of the first and second expeditions. They have ordered a mobilization and they have made a request to the Government for funds. Even though they have only demanded one or two million dollars the Government will find it difficult to furnish such a sum because the situation in China is critical. Those who favored this war stated at the Tientsin Conference that the provinces would furnish the troops, and that they themselves would find the funds necessary to carry on the war against the south-western provinces. But things have turned out just the contrary. No sooner than they have ordered the mobilization than they make a request to the Government for funds. Now, is it with the object of obtaining funds that they have ordered the mobilization, or is it with the object of sending troops that they make a request for funds? We cannot decide this question.

## Patriotism

*From The Central China Post (Hankow)*

There lies before us an illustrated advertisement appearing in the local native Press, which depicts a stalwart coolie wielding a mighty pick with which he is engaged in uprooting a very sturdy tree. The pick is marked "Patriotism", and the rest left to the imagination of the reader. A few years ago this for certain would have been another dig at the opium trade, but of late the anti-opiumists have gone out of business. It might however illustrate the necessity for patriots attacking some one or other of the many abuses from which the country suffers—such as official squeeze and corruption, or the everlastingly condemned Likin. This was what we took it to be intended for, but the accompanying letter press put another face on it.

It appears that a great foreign corporation has been established in China for the sale of coffin nails, and that every year no less than seventy millions of good Chinese dollars are drained out of the country in order to enrich rapacious foreigners. If this is allowed to go on it is evident that the Chinese people will soon be utterly impoverished, so to remedy this state of matters a Chinese Company has been formed under the name of "Brethren of the Southern Seas" to put on the market a brand of coffin nails which are in every way superior to the imported articles. Hence every true patriot is urged to smoke the Brethren's coffin nails, and and so ruin the foreigner and save his own country. Thus explained, the tree was the foreign business concern, the coolie represented the Brethren, and patriotism was the pick with which they sought to damage a competitor in the coffin nail trade.

This may be smart business, but in no sense of the word can it be called patriotism. The true object of the appeal is to have the seventy million dollars transferred from the coffers of a rival into their own, and to mix up the sacred cause of their country with such a mercenary proceeding is to prostitute it. Yet it is constantly being done in other countries besides China. There is no doubt but the many thousands of persons who have made fabulous fortunes out of war contracts look on themselves in the light of bright and shining patriots for what they have been doing to help to win the war. Dr. Johnson is said to have defined patriotism as "the last refuge of a rascal," but perhaps a better definition now would be "Patriotism is the name of a ritual connected with the worship of the Golden Calf."

## Chinese Students in Japan Treated with Contempt

*From The Japan Chronicle (Kobe)*

While there is much talk in Japan about Sino-Japanese friendship—though if the opinion of the Editor of the *Herald of Asia* is to be taken, this merely covers a desire for domination—the relations between the Japanese and Chinese who come into personal contact show no signs of improvement. The case of the students studying in Japan is in point. It is noted that while Japanese students studying abroad generally return with kindly feelings towards the people in the countries where they have been prosecuting their studies, the Chinese students who have been studying in Japan return to their native land with feelings by no means favorable to Japan or the Japanese. Even while they are resident in Japan they are unable to restrain their feelings at meetings among themselves, as shown by the recent rumours of some plot against Viscount Ishii, leading to domiciliary searches in the dormitories where they live, which undoubtedly arose from resentment publicly expressed by the Chinese students at the contents of the Ishii-Lansing Agreement. Criticism of the political relations between the two countries is, of course, inevitable as long as the policy of the Japanese Government runs counter to the establishment of those friendly relations which it is supposed to have at heart. At the same time the conclusion cannot be avoided that a large part of the virulence of the criticism is due to the open contempt with which the Chinese students are treated by those Japanese with whom they come in contact. In these circumstances it is interesting to hear that Mr. Nagata, Director of the Police Affairs Bureau of the Home Office, is taking steps to prevent the Chinese students being, at all events, openly flouted. It is to be feared that he cannot do much to check a current of feeling which has been encouraged by the authorities for many years past. In fact Mr. Nagata takes a very humble view of his powers in this direction, regarding them, apparently, as limited to preventing the landlords of the students' boarding-houses stopping the Chinese from entering the bath before the Japanese, on the ground that they would contaminate the water, or the Japanese students from jeering at the Chinese, jeers in which, Mr. Nagata states, they are often joined by those who ought to know better. It may be possible to put down such practices, as Mr. Nagata suggests, but unless some better example is set from above the "cultivation" of Sino-Japanese friendship will be left solely to diplomats, who, it is to be feared, are not exactly the sort of people to take a sympathetic view of the case of the Chinese students.

## Germans and Austrians in Korea

*From The Seoul Press.*

According to an official report the nationals of enemy powers now residing in Korea number 47 (one Austrian and 46 Germans) forming 27 households. All of them, except Wilhelm Brenner, who is working a silver and zinc mine in Keumwha District, Kangwondo, live in Seoul and Chemulpo. All enemy residents in Chemulpo are connected with Carl Wolter & Co.

Those living in Seoul are mostly connected with the Benedictine Mission and their number is 27 in all. After war was declared by Japan against their countries they were denied freedom of commercial transactions and the trade they were engaged in has practically been suspended. Moreover, some restrictions were put upon them with regard to transmission of telegrams and mails. Nevertheless, they are all obedient to our laws and act circumspectly in all matters. The Benedictine Mission previous to the war was running an institute for giving instruction in carpentry to Koreans, and since the suspension of remittances from home for their maintenance, the members of it have taken themselves to the manufacture of chairs, tables, and other articles, in the hope of maintaining themselves with the proceeds of their sale. Under the circumstances, they are leading as simple a life as possible. Very few of the nationals of the enemy powers now in Chosen are men of wealth. Carl Wolter & Co. of Chemulpo, however, possess some property and it is said that the monthly income of the company exceeds 3,000 yen.

## Japan in No Hurry to Get Out of Tsingtao

*From the Peking Evening Times*

In an article some time ago, we explained that the Japanese had no title to Kiaochow territory from the moment that China declared war on the Central Powers, and that China had every right on her side to demand its return. But although Japan has joined that league of nations fighting for the preservation of the small and weak nations, no such altruistic motive seems to be part of her policy towards this country. In this, and other cases, it has been made extremely clear that Japan considers that this great conflagration in the West is a God-given opportunity for her to consolidate her position in this country, for China is not only in so weakened a state through internal strife and disorders, but those Powers who under ordinary circumstances would have afforded her protection are so preoccupied with the task on hand that they are not in a position to demand justice and fairplay for her at the hands of her Island neighbor. The tactics now being adopted by Japan in Shantung show that she intends to disregard the protests which China has already made and that she is intent on establishing her rule and control over territory outside of the territory originally leased to Germany. The ignoring of the protests made by China within the past few weeks gives one an idea of what scant attention would have been paid to any demand of China for the return of the territory had it been made. Although Japan originally made a public statement that she intended to return the Shantung territory to China, no one believes her—not even the most pro-Japanese of Chinese officials has that belief in her pledged word. At the present moment, with the object of having established a definite claim to this particular territory when its disposal comes up for discussion at the peace conference, she is making roads, establishing municipal schools and hospitals, claiming judicial authority over the Chinese, imposing taxes and working coal mines, the rights to which the Germans forewent. The seizure of the railway, which was secured at the time for military reasons, they still control and are establishing their authority on either side of it without any reference to Chinese rights. Japan's action in Shantung constitutes the crudest program of landgrabbing that the history of the last twenty years can produce, if we except the annexation of Korea, when the Japanese followed to a certain extent the same tactics they are pursuing in China today.

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# In the Field of Business and Finance

## A Campaign to Popularize "Trade Acceptances" in America

TO the trader in the Far East, where the acceptance of drafts, and negotiations concerning the release of documents covering shipments of goods, is one of the daily incidentals of commercial life (not only in Shanghai but in all other treaty ports of China,) it comes as something of a surprise to learn that in that wonderfully developed country, namely America, the use of "trade acceptances" is comparatively unknown in domestic transactions. Instead of using the method of "drawing" on their customers—which is the system in vogue almost everywhere throughout the world—merchants in America in their transactions with each other, or with shopkeepers, have either insisted upon cash on delivery or left the accounts open on the books, sometimes no final settlements taking place for years—with the almost inevitable consequence that disputes would arise owing to the fact that this or that detail had not been entered in one or the other party's books. The disadvantages of such a system, or rather lack of system, in financing America's domestic trade have made themselves felt with increasing strength since America's declaration of war upon Germany. The demand now is for liquid assets and when it is borne in mind that a leading economist in America has recently estimated that there are approximately four thousand million gold dollars' worth of open-book accounts in the United States, a large portion of which consists of capital tied up and unavailable until the amounts mature, it will be seen how important it is there should be a change In the method of financing America's domestic transactions.

Every American financial journal, from the Atlantic to the Pacific, and many of the leading American daily papers, are conducting a vigorous campaign to impress upon American business men the necessity of abandoning the old open-book account method, and adopting the system of "trade acceptances," —that is, to draw by draft on their customer, and thus make this document available by endorsement for the liquidation of other business accounts—in reality supplying so much additional business capital.

As stated in the beginning of this article, to the trader in the Far East it seems almost an anomaly that it should be necessary to impress upon business people, and least of all Americans, the fact that the system of "trade acceptances" is the most sensible method of financing business transactions, indeed, many business men who have grown up in the Far East know no other. But the fact remains that so little is this sytem in use in America that we find *The Annalist*, one of the leading financial journals in New York, stating that "some bankers have been slow to realize the advantage which the trade acceptance system offers, and likewise many merchants have been reluctant to introduce (what they consider) novel methods to meet obligations incurred by them." In many business quarters in America the reluctance to adopt this system is so pronounced that the newspapers in support of their propaganda find it necessary to print columns upon columns of testimonials from leading merchants who have introduced the system, giving their experience of the good results which they have obtained.

## A Suggestion from the Shanghai Stock Exchange to Holders of Share Certificates.

The Shanghai Stock Exchange addressed the following letter December 18, to Secretaries of those of the Shanghai Companies whose shares are currently dealt in on the Exchange, and whose share-certificates are still in a form lending itself to comparatively easy fraud :—

Dear Sirs,—In view of the unhappy situation brought about by recent fraudulent alterations to share certificates I am directed by my Committee to invite your consideration to the advisability of issuing your share certificates in such form as will reduce the possibility of alteration to a minimum.

Certain local companies have already adopted a form of share certificate which renders any alteration exceedingly difficult of concealment and it is the hope of the Committee that your Directors will employ similar measures.

I am, however, to point out that in the opinion of my Committee, the method of transferring shares by endorsement on the certificate is imperfect and that it would be better to continue the use of separate transfer deeds as is customary in Shanghai.

Furthermore, I am to suggest that wherever practicable notice should be sent to the transferor that shares are about to be taken out of his name and that, failing reply from him within a certain time, transfer with be effected.

I am, Dear Sirs, yours faithfully,

F. B. WALKER, Secretary.

## "Short" Selling

IT is *apropos* to recall at this time that on June 12 last the Shanghai Stock Exchange issued a notice that the rule, passed several years previously, giving the Committee disciplinary powers over members making contracts for forward delivery in which no share numbers are declared, had been rescinded at an extraordinary meeting. It is also *apropos* to mention that the New York Stock Exchange has taken measures to limit short selling as a war measure, and in doing so, it has, in the words of *The Annalist*, knocked a chip from one of its most sacred idols.

For the benefit of those who do not understand the expression "short sale," it may be mentioned that it is the selling of something one hasn't got, for future delivery, with the hope that in the meantime prices will drop. Let us take a perfect example of a short sale: The steward of the Astor House has to provide for a dinner of 100 persons. He goes to the dealer at the market and buys 8 dozen snipe. That dealer has not a snipe in his stall but sells them confidently at what looks like a remunerative price, knowing that some shipments of snipe are on their way from the interior. He is therefore short of snipe. He would like to see the price of snipe go down, because he could then make a larger profit. But the shipment of snipe which he expects is delayed by bad weather, while the Astor House insists he shall make his contract good. And he does. What does he do? He goes to other dealers and buys the snipe to make up the 8 dozen. He "covers his shorts." Incidentally, he makes a market for con-

# Best Christmas Presents American Woman's Exchange

**Corner Avenue Edward VII and Rue Montauban. Open 9 a.m. to 4:30 p.m. daily.**

A modern store has been opened by the American Woman's War Relief Work Association in the Benjamin Building at the corner of Avenue Edward VII and Szechuen Roads. The store is modern in fittings with show windows, etc. and will be managed in a thoroughly efficient manner. It will be managed by Mrs. K. L. Brode, and it is the intention of the committee in charge of the Exchange to pay the actual cost of materials used in preparation for work to be sold at the store. All profits derived from the sale of materials at the store will be used here in Shanghai in the purchase of materials for the

## American War Relief Work

**now being conducted in Shanghai, by the American War Relief Work Association, in the Fearon, Daniel Building on Szechuen Road. The entire proceeds derived from the sale of materials at the Woman's Exchange will be handed over to the American Woman's War Relief Association.**

### WHAT YOU CAN BUY

Articles that may be purchased at the Exchange consist of jellies, preserves, pickles, fancy work of all kinds, baskets and ornamental work of all kinds. Orders for cakes and candies and such materials should be placed 24 to 48 hours in advance in order to insure freshness and obviate waste. It is hoped that ladies planning tea parties will order from the exchange materials their cooks are unable to prepare.

### WHAT YOU CAN DO

The success of the Woman's Exchange, depends primarily upon the American women living in China although donations from women of other nationality are thankfully received. If you can do fancy work of any kind, or have articles of this kind for which you have no use, place them on sale at the Exchange. In case you desire to make fancy work to place on sale at the Exchange, the Committee will pay the cost of the raw materials used.

**The use of the store room in the Benjamin Building has been donated to the Association; the Municipal Council has donated the electric light service; the Gas Company has donated heaters; the Telephone Company has donated the use of a telephone. It is now the problem of American women in Shanghai and the outports of China to assist in this enterprise upon which the success of American War Relief Work so largely depends.**

sumers of snipe and also for the man who sent the snipe here, because other dealers who have sold will be buyers when the new shipments finally arrive.

*The Annalist* in discussing the situation in New York says:

"In acting last month to control operations on the short side the governors of the New York Exchange were extremely careful to let the public know that they did not intend to disturb what they called "legitimate" short sales. They did not desire to destroy that safety valve which they believe has frequently in the past prevented actual disaster to the security markets and appalling losses to investors. They aimed to destroy short sales, of the kind described as illegitimate. Considered superficially, it might seem a difficult matter to discriminate between two kinds of short sales. All such transactions have one purpose—to enable the seller to buy at lower prices what he sells in advance at higher prices. The famous peace leak inquiry last January, it will be recalled, developed the fact that Bernard M. Baruch had sold short 30,000 or more shares of United States Steel common. This was a sizable block to be put out in a single issue. But it was developed also that Mr. Baruch did not sell with the deliberate purpose of forcing Steel down sharply as the result of his sales, but because he was convinced that conditions within and without the market must bring about a reaction which would inevitably make the price of Steel common lower. Mr. Baruch's foresight and the resultant sales of stock which he did not own were not censured by the Governors of the Exchange; rather, his market ability was admired. His transactions also would come within the category of legitimate sales just now, as there was no intent to force an artificial decline simply through the outpouring of more stock than the buying demand could absorb without severe shock. From what the Governors have said in explanation of their decision to supervise short sales, intent is the prime factor to be watched. Bear drives at particular stocks during the remainder of the war period are to be choked off and adequate punishment administered to Exchange members who permit such operations to go through their hands.

"The market has been declining rapidly since August 1, bonds as well as stocks constantly seeking lower ground as liquidation has progressed. A product of the persistent recession has been raw nerves among holders of stocks bought at high prices, and a general nervousness everywhere within the purlieus of the marketplace. When security owners are in a 'jumpy' condition, it is naturally much easier for stocks to drop rapidly when periods occur in which supplies exceed the demand. It is an easy matter for a speculator of large calibre to unsettle the whole market by rapid sales in heavy volume of one, two, or three issues, and the Governors have become persuaded that much of this sort of work has been going on. This sort of short selling is labeled illegitimate, especially when accompanied by disturbing rumors such as have been heard for some weeks, rumors of economic disturbances to come from the war, of military reverses for the Allies worse than the actual reverses, of pending dividend elimination by major companies, etc. In addition to the operations of individual short sellers of large calibre, the rule regulating short selling is to be applied to organized efforts to depress stocks through the dissemination of 'tips' spread broadcast. Here, too, the Exchange has to differentiate between legitimate and illegitimate selling, as a broker's advice to customers to sell certain stocks because they ought to go lower might be construed quite differently than similar advice to clients to go short of the same stock as quickly as possible."

## Japan's Industries Show Great Growth

The progress of industrial development in Japan since the outbreak of war is summarized in a report made by G. H. Phipps, the British vice consul at Tokio, who writes:

*Chemicals and Dyes.*—In point of numbers, the chemical industry occupies the first place in recent developments. The chemical industry in Japan has shown great expansion since the commencement of the war, during which period at least 20 new companies have been formed, with a combined capital of approximately 30,050,000 yen. These new companies operate some 28 factories, and among the chief productions are sulphate of ammonia, potassium chloride, caustic soda, bleaching powder, niter, sulphate of potash, potassium carbonate, sodium sulphide, sodium chloride, sodium peroxide, iodine, fatty and stearic acids, nitric acid, glycerine, oils, dyes, drugs, fertilizers, disinfectants, phosphorus, etc. It is estimated that there are 80 firms in Japan engaged in producing potassium chloride. Large stocks of this commodity are on hand, the market is overstocked, and prices have dropped during the present year. Formalin is now being produced in Japan; the output is devoted to home requirements. One company is producing soda by means of electricity, and is stated to be the first concern in Japan to use an electrical process in this connection.

*Metals.*—The iron industry in Japan, although in its infancy, gives promise of assuming considerable importance in the future. Before the war Japan produced annually 260,000 tons of iron, about one-half of its consumption. During the period under review several new companies have been formed for the production of iron, and among them six companies, with a combined capital of 40,000,000 yen, have established new works.

With regard to steel, three new companies have commenced operations and have established four new works. The total combined capital of these companies is established at 5,000,000 yen. One company is producing steamer shafts, railway wheels and tires, as well as supplying the home trade. Orders from China and India have been received. It seems to be the intention of this company to devote its energies to the export trade rather than to the home market.

*Metal Goods.*—A company, originally established in 1913, with a capital of 300,000 yen, and manufacturing galvanized iron sheets and galvanized iron wire, has increased its capital to 700,000 yen. Its output has been devoted to the home market, but it intends to export its products later. Two companies have been formed with a combined capital of 1,500,000 yen for the purpose of manufacturing wire netting.

*Electrical Supplies and Accessories.*—During the period under review six Japanese companies have been organized for the manufacture of electrical supplies and accessories, such as eletric motors, dynamos, switches, lamp bulbs, carbon electrodes, carbon brushes, etc. An improved process for the manufacture of micanite has enabled a Japanese company to turn out insulators both for the home and the export trade. The total

combined capital of the six companies referred to amounts to 4,530,000 yen, and they operate eleven factories.

*Textiles.* — Rapid progress is reported in the textile industry in Japan since the outbreak of the war. Many new companies have been organized and are controlling new works, or have works under construction. Details have been furnished regarding eleven new companies that have been formed in the textile industry. The total combined capital of these companies amounts to 16,600,000 yen, and they operate fourteen factories. Seven of the companies operate general spinning mills for cotton and woolen textiles; one produces linen thread; one manufactures mixed silk and wool textiles; one is devoted to the finishing of silk textile goods for the export trade; and one makes hemp ropes. The linen thread factory is experimenting with a plant that grows in a wild state in Saghalien, treating the fibers with a patent bleaching process. The spinning of mixed silk and wool presented many difficulties, but they have been overcome, and the company hopes to export goods as well as to supply the home demand. A company has been formed for the purpose of ramie spinning, and although ramie fiber is a product of Japan and China, spun ramie was not produced locally previous to the war, but was imported from the United Kingdom, the United States and Germany.

*Mining.*—Three coal mining companies have been organized with a total combined capital of 1,550,000 yen. One company operates a mine at Fushun, China. This firm is also producing coke in large quantities. A company was formed in December, 1916, with a capital of 120,000 yen to exploit a sulphur mine; a special process is used in refining the raw material.

*Insurance.*—There has been a boom in marine insurance business in Japan as a result of the war, and many fire and other insurance companies are extending their field of operations to marine insurance. Among the new marine insurance companies formed there are three with a combined capital of 17,000,000 yen.

*Bicycles.*—A company (500,000 yen) has been formed to manufacture bicycles. If is intended to use Japanese materials exclusively, so that prices are expected to be low. It is expected later to manufacture and repair motor cars.

"A company (500,000 yen) has been organized for the manufacture of boots and shoes. It will eventually also turn out slippers, harness, knapsacks and other leather goods.

## Fewer Americans in Philippine Civil Service

Over 400 American employees were retired or otherwise separated from the government service of the Philippine Islands during the past year, leaving only 1310 Americans in the service in July of this year, or approximately only fifty per cent of the number of Americans in the employ of the government in July 1913. In 1913 there were 2623 Americans employed, and in 1916 the number was 1730. While the number of American employees was greatly decreased, the number of Filipinos in the service showed a marked stride during the past year. Over 1000 more Filipinos were in the service at the middle of this year than for the same period in the previous year, the number as of July, 1916 having been 8725, as compared with 9859 for July of this year.


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## Enormous Growth of Bean Oil Export to America

Intimations have been received by telegraph from America that bean oil has been included in the list of articles the importation of which is subject to license. This is a matter of great interest to American merchants in China, but much more so to Japanese merchants, particularly those having offices at Dairen, from which port most of the bean oil going to America is being shipped. Bean oil, although already for many years a common commodity of commerce in the Far East, being used as an article of diet both by the Chinese and Japanese, was not exported to America in any quantities worth mentioning previous to the outbreak of the European war. Up until several years ago the American importations were nearly all made from Japanese ports, the bean oil originating in Dairen having been first shipped to Japan and then sold by Japanese mercantile houses either in Kobe or Yokohama. But in 1915 the Dairen branch of the Mitsui Bussan Kaisha, the premier commercial house of Japan—whose operations are comparable to those of the Standard Oil Co. in America—began shipments of bean oil from Dairen direct to America in steamers specially adapted to that trade and carrying very little other cargo; sailings usually take place twice a month.

The growth of this bean oil business from Dairen has been really phenomenal. In the year 1914 only 4,800 tons of bean oil were sent to America from that port, whereas 45,792 tons went to Europe; in the following year already the exports to America had jumped to 30,167 tons, while the exports to Europe had dropped to 43,043 tons. In the year 1916 the exports of bean oil to Europe had dwindled to 407 tons, whereas those to America had reached the enormous total of 79,153 tons, which is greater than the exports to Europe ever were. It may be mentioned that the greater portion of the exports to the United States are landed at Seattle, where the oil, which is shipped across the Pacific in tin containers, (usually empty kerosene tins,) is poured into tank cars for transportation to the factories in the eastern states. The Japanese paper at Dairen mentions that the demand for bean oil in the United States is unlimited, and that this line of business has unbounded possibilities. The U. S. Commercial Reports show that 171,486,937 lbs. of bean oil were imported into America during 1916.

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## Chinese Beef for the American Troops in the Philippines

The Japanese paper at Dairen states that Messrs. Katz and Zimmermann, both Americans, have entered into a contract with the Manila authorities to supply 15,000 head of Shantung cattle by next April, *via* Tsingtao, the price for the dressed beeves being 50 cts. per lb. (kilo?) The beef is for consumption by the American troops in the Philippines. These cattle are slaughtered at Tsingtao, and the beef is wrapped in white cloth and then packed in osier matting. The packing cost is very cheap and is only ½ ct. per lb. Shantung cattle appear on the Tsinan market usually from November to April when there is little farming work to be done. Between 2,000 and 3,000 head of cattle are put on the market daily during the season. Mr. Katz keeps a slaughterhouse of his own at Tsingtao with a Japanese veterinary surgeon in his service. He has also contracted to ship beef (equivalent to 6,000 head of cattle) salted to Vladivostok, also by April next.

The discovery of Shantung cattle by the world at large as fine beef cattle dates back to the time when the Russian Government exported them to Port Arthur and Dairen, through Chefoo, for use as provisions. Ever since then their reputation has steadily been enhanced, and the export of Shantung cattle to Vladivostok, Manchuria, Tientsin, and Shanghai by the Tientsin-Pukow Railway and via the ports of Tsingtao and Chefoo has been on the increase. Prior to the Russo-Japanese war the number of cattle shipped out of the Province in the shape of both live animals and beef reached approximately 75,000 head. Recently the International Export Co., a British firm, has undertaken their export to England by the railway mentioned via Pukow, and besides this other exporters are engaged in

the Shantung cattle trade with Japan, the Philippines, and other places in the south.

Stock farming in Shantung is not yet by any means in a state of modern improvement, yet it has the oldest history of development in China. Nearly 3,000 years ago, according to Chinese history, the Shantung farmers had been taught the profitable occupations of stock farming, gathering salt, and fishing. We can safely presume that the industry of cattle raising always has been looked upon as a very important one in Shantung down to the present time.

Throughout the Province one will see cattle raised everywhere. Laichow, Ichow, Tsaochow, Tungchang, Tsinan, and Tsining especially are noted places of production. According to the result of investigations that have been made by a certain firm during the past five years, the present number of cattle within the Province, with the exception of calves, is approximately as follows: In portions of the Shantung peninsula, Tengchow, and Kiaochow 120,000 head; in the middle and western portion of the Province, 480,000 head; total, 600,000 head.

## The Profits of the United States Steel Corporation

*From The Statist (London)*

The effect of war taxation upon the profits of the United States Steel Corporation is plainly evident from the results for the September quarter. The net earnings for July were $22,761,000, for August $23,549,000, and for September $21,954,000, making a total of $68,244,000 for the three months, as compared with $90,579,000 for the June quarter, $113,121,000 for the March quarter, and with $85,817,000 for the September quarter of 1916. For net earnings lower than those for the past quarter one has to go back to the March quarter of 1916, when they amounted to $60,714,000. Interest on bonds varies only slightly, but in the past three months about $13,000,000 has been appropriated from earnings for sinking, depreciation, and extraordinary replacement funds. This is less than the $16,154,000 similarly set aside in the June quarter of 1917, but exceeds the allocations for any other quarter since the Corporation was formed. The net profit available for dividend on the Common for the September quarter was $43,427,000, as compared with $62,569,000 for the June quarter, $91,440,000 for the March quarter, and $63,297,000 for the September quarter of 1916, while the dividend earned was at the rate of 34.1% per annum last quarter, 49.2% for the June quarter, 71.9% for the March quarter, and 49.8% for the third quarter of 1916. Notwithstanding this shrinkage in profits, the dividend is maintained at the rate of 17%, as for the two previous quarters, this total being made up of a regular quarterly dividend of 1¼% and extra dividends of 3% per quarter.

## Commercial and Financial Notes

There has been considerable activity in the Shanghai cotton market during the past week and prices are fairly firm. About 35,000 piculs were exported to Japan during the week ending December 20. J. Spunt & Co., the well known cotton brokers, state that the tone of the market is firm.

The report of the U. S. Department of Agriculture issued December 11 forecasts a cotton crop of 10,949,000 bales. This is much lower than was expected by the trade, and the price of cotton rose about 100 points immediately. A crop of over eleven millions had been expected, but an early frost curtailed the crop by a million bales. Not only has the crop been curtailed, but the grade of the cotton has also suffered.

America's embargo on steel has undoubtedly served to develop the wood shipbuilding of Japan, which industry had been conducted on an insignificant scale before. Reliable statistics available state that there are in Japan seventy wood ships, each upward of 500 tons, aggregating 50,000 now under construction, while others which are now under contemplation and for which materials are now being gathered number fifty more, showing a combined tonnage of 40,000. During the last nine months, ending September 30 this year, twenty-four wood ships each of upward of 500 tons, representing 13,216 tons, were finished. They include: seventeen sailing ships, each equipped with an auxiliary engine, three ships, representing 3,500 tons, which have just been completed and four others, showing a combined tonnage of 30,000, which have been launched. Forty more, representing 30,000 tons, are expected to be added before the end of this month. There were only thirty-two wood ships, each of upward of 500 tons, September 15 this year, and when this number is compared to that standing on December 31 one may see the rapid progress in this industry.

The importance of America's share in the world's rubber industry is well illustrated by some facts concerning the B. F. Goodrich Rubber Company, which owns a concession of twenty thousand acres of planta-

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tion rubber near Medan, Sumatra, of which two thousand acres are already producing. This Company uses 10% of the world's rubber production, nearly all of which comes from the Straits, Sumatra, and Java. Owing to the uncertainties of securing freight space the capital which must be locked up by a company like this in the purchase of raw material stocks amounts to really colossal figures. In pre-war days American rubber companies could get along with a stock for only about two weeks ahead of them, but at present, in order to provide for all the eventualities, it is necessary to have several months supply on hand; the Goodrich Company at present has no less than G. $11,000,000 worth of crude rubber in stock. It is estimated that the Goodrich Company will sell products during the coming year to a value of G. $90,000,000; it is at present engaged in very important work for the United States Government, including the building of balloons and dirigible airships.



## The Share Market.

| RUBBERS Official only | Closing Quotations, Week End. Dec. 14 | Last Quotation, Fri. Dec. 21 | Business Done in Shares During Week High | Low | Net Chg. |
|---|---|---|---|---|---|
| Alma | 9¾ | 9.50 | 9.50 | 9.50 | |
| Anglo-Dutch | 4.60 | 4.00 | 4.00 | 4.00 | |
| Anglo-Java | 9.55 | 8.25 | 8.25 | 8.25 | |
| Consolidated | 2.80 | 2.35 | 2.35 | 2.35 | |
| Java Consolidated | 17 | 16.50 | 16.50 | 16.50 | |
| Padang | 13½ | 12.75 | 12.75 | 12.75 | |
| Semanbu | 1.15 | 1.10 | 1.10 | 1.10 | |
| Taiping | 1.60 | 1.25 | 1.25 | 1.25 | |
| **BANKS, INDUSTRIALS, INS. COTTONS, LANDS, ETC.** | | | | | |
| Langkat | 15 | 14 | 14 | 14 | |
| Yangtszepoo (ord.) | 6.80 | 6.85 | 6.85 | 6.70 | |
| Kung Yik | 15.80 | 15.75 | 15.75 | 15.75 | |
| Laou Kung Mow | 63 | 65.00 | 65.00 | 65.00 | |
| Shai. Tug (pref) | 46½ | 40.00 | 40.00 | 40.00 | |
| Telephone | 78.00 | 78.00 | 78.00 | 78.00 | |
| Anglo Funch Land | 78.00 | 76.00 | 76.00 | 76.00 | |
| **EXCHANGE** | | | | | |
| Bar Silver | 42⅞ | 43¼ | 43¼ | 43 | |
| T. T. on London | 4/3 | 4/4 | 4/4 | 4/3 | |
| Sov. Bnk. Buy. Rt. | 4.70 | 4.62 | 4.70 | 4.62 | |
| Gold $ Bnk. Buy. Rt. | 96.8 | 95 | 96.8 | 95 | |
| Mexican | 72.5 | 72.3 | 72.0 | 72.2 | |
| Native Int. | 07 | 05 | 07 | 04 | |
| **LONDON RUBBER QUOTATIONS** | | | | | |
| Spot | 2/4½ | 2/4¾ | 2/4¾ | 2/3¾ | |
| Forward | 2/5 | 2/6½ | 2/6½ | 2/4 | |
| Tendency | Irregular | Steady | | | |

| Date | Langkat Oil Output | Tons. |
|---|---|---|
| For Week ended | Dec. 16 | 438 |

**CLOSING OF TRANSFER BOOKS & DIVIDENDS.**

| Share | Period | Dividend |
|---|---|---|
| Kamunting | 11 Dec. to 21 Dec. | Tls. 0.60 |
| Ewo Cotton | 22 „ „ 29 „ | 20.00 |
| Padang | 19 „ „ 28 „ | 0.50 |
| Shai.-Malay "Pref" | 25 „ „ 31 „ | 0.30 |


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## At the Shanghai Hotels

The following guests have registered at the Astor House Hotel during the week: E. Lapato, Harbin; W. J. Gorham, San Francisco; A. Eyde, San Francisce; Mr. and Mrs. Mugliston, Singapore; W. Bond, St. Louis; Mrs. Arthur Harris; Mrs. M. Brewer; San Francisco; N. F. Potter, San Francisco; Mr. and Mrs. C. B. Brown, San Francisco; Mr. and Mrs. L. Meyer, Chicago; P. Deas, Newchwang; N. Lyons; Mrs. J. P. Babcock; W. C. Harnblower, Egypt: P. C. P. Heath, Burma; S. N. Mallock, New York; T. Hangonwart, French; Mr. and Mrs. Hampton Gay, Washington; T. Gay, Washington; S. Schlendecker, Shanghai; Capt. C. M. Manners; J. M. Crocken, Hongkong; C. H. Myers, Shanghai; T. C. Connar, Harbin; C. E. Picken; C. A. Neinmeyer, Hongkong; W. M. Strathon, Canton; J. L. Smith; London; I. Ivanoff, India; G. Parrest, Ningpo; C. Z. Lunn, Chicago; Mr. and Mrs. J. I. Steep, Chicago; Mr. and Mrs. N. Richardson, Hongkong; Miss B. Palmerston, Queensland; L. Burman; S. H. Ward, Ireland; Mr. and Mrs. A. Keats, London; E. Warwick, London; Geo, Titchner; H. C. Walton, London; Capt. M. N. Nelson; W. A. Gibbings; Hankow; G. W. Frodstain; Peking; A. L Rae, Kobe; A. Textner, Vladivostock; Miss Lin; Frank Boyd; H. H. Pierce, E. S. Waterburg, Chicago, Julean Arnold, Peking; O. F. Brooks; E. Careinbine, Australia; G. Mackie, Austria; L. Carrea, Mari, Peking; F. E. Plunoyer, New York; V. Baschkioff, Petrograd; W. Kalessinkoff, Petrograd; A. Bochrm, Petrogard.

The following guests have registered at the Palace Hotel during the week: T. K. Wong, Hangchow; Mr. and Mrs. J. C. Mathews and child; H. Baldwin; A. Fischer; Mr. and Mrs. A. Bodard, Paris; Dr. J. Dubrenil; C. S. MacDonald; Miss MacDonald; Mr. and Mrs. C. R. Tickenor, San Francisco; R. L. Eddy, Boston; Mr. and Mrs. A. M. Hamilton, Petrograd; F. Byrnes, Hongkong; Truptel; Mrs. W. C. G. Howard, Kashing; Fretianoff, Hongkong; Frost; Sergeant L. B. Cockren; Lieut. A. R. P. Martin; Sergeant L. Sheary; Lieut. R. N. R. Hall; W. Horner; M. Zimmerman; E. Mopin; Mr. and Mrs. A. Mitchell and child; Miss Miller; Mrs. Cary; E. Cary; Miss Henderson; Capt. I. A. Kule, Hongkong; Mrs. J. O. Forsljth and son; Miss L. Garbost; J. Christian, Hankow; J. Qurin, Nanking; F. H. Buchman; S. S. Day; F. E. Crambie, Hongkong; R. A. Donaldson; O. K. Morse.

The following guests have registered at the Grand Hotel Kalee during the week: Mrs. Dalton, Chinkiang; E. M. Eagle, San Francisco; P. H. L. Christian; E. C. Kopp, Nanking; H. W. Levingston, Foochow; Scale; B. Makaroff; E. H. Dodge, Hankow; W. Reginald Wheeler; S. Larsen; L. D. Cooper, Harbin; Mr and Mrs. H. Speakman, Harbin; W. Fuska, Hongkong; W. N. Babcock; A. B. Campbell; Mrs. R. F. Finch, Hangchow; Mr. and Mrs. R. S. Lunt, Boston; Mr. and Mrs. Leop Meyer and child, Vladivostock, Mr. and Mrs. A. Brown, San Francisco; Mr. and Mrs. De Van; George E. Bird, Hankow; Miss L. Christensen, Peking.

# New Books and Publications

## Russia in Revolution

*The Rebirth of Russia. By Isaac F. Marcosson. New York: John Lane Company, 1917.*

It is frankly as a journalistic work that Mr. Marcosson offers his book to the public. This it is, and more than this it could hardly be. Mr. Marcosson gives his readers a spirited and trustworthy account of the happenings of the crowded days of the Revolution in Russia—an account somewhat summary in treatment, somewhat rhetorical in style, but informing and filled with significant or striking incidents.

Occasionally the author throws out interesting suggestions as to the conditions that determined the surprisingly sane and patriotic temper of the revolutionists. One such condition was the war. Soon after the Cossacks had gone over to the popular side in Petrograd, there was an orgy of speech-making. One curbstone orator addressing a crowd in the Nevsky said: "We must get rid of the Sturmers and the Golitisins and the Protopopoffs. The people need bread; they cannot work without it." He was interrupted by cries of "Down with the War!" whereupon he replied: "No, the war must go on. Remember the blood of our brothers and sons must not be spilt for nothing. The thing to do is to get rid of the Government." In these words, thinks Mr. Marcosson, the speaker revealed one of the principal reasons why the revolution succeeded. "A costly human sacrifice had been laid upon the altar of war, and the people were determined that this sacrifice should not be in vain." Another condition was the absence of vodka. "Indeed, it is quite evident that when the Czar signed the decree for the prohibition of liquor at the beginning of the war, he likewise signed the death-warrant of the Romanoffs."

Certain crucial moments are described briefly indeed, but with a certain dramatic effectiveness,—the abdication of the Czar, the voluntary surrender of the hated and once powerful Protopopoff to an armed civilian, Kerensky throwing himself between the arch-traitor Soukhomlinoff and the enraged crowd in the Duma; the same Kerensky leaping upon a table and by a fervent speech swaying the Council of Workmen's and Soldiers' Delegates to the side of the provisional Government.


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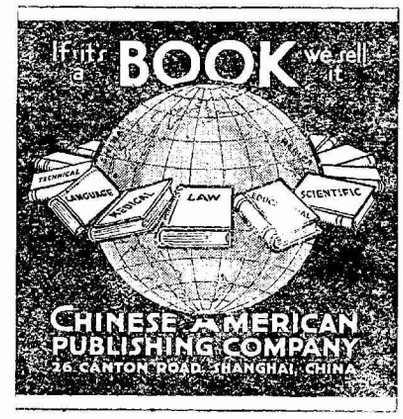


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Picturesque details, too, are by no means lacking,—as for example the story of a Boy Scout not above ten years of age who with a large Browning pistol in his hand authoritatively led a squad from one of the Guard's regiments to the capture of two policemen.

The general state of the public mind after the successful consummation of the revolution, and the troublous days that followed—days during which the demands of labor became crazily exorbitant, discipline was relaxed in the army, and it was nip and tuck between order and anarchy—are described in a manner sufficiently clear and impressive.

There follows a chapter containing sketches of the revolution-makers, the men who were for the most part the leaders of Russia several weeks ago—Prince George Lvoff, Gutchkoff Milyukoff, Rodzianko, and others,—all rather intimately written. From these accounts one receives a strong and very reassuring impression of character, statesmanship, and a business efficiency quite of the American type. Most interesting of all, perhaps, and most fully amplified is the character portrait of Alexander Kerensky.

There are deficiencies in the book: for example, every one would like to know more about the origin and constitution of the Council of Workmen's and Soldiers' Delegates. But considering the brief time that has elapsed since the Revolution, the book is on the whole surprisingly adequate in extent of information and in analysis of facts.—*North American Review.*

# Substantial Christmas Presents

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## American Foreign Relations

*The Foreign Relations of the United States (2 vols.) New York: Columbia University Academy of Political Science.*

Part I is concerned with the democratic idea in world organization and future Pan-American relations, and Part II with future relations with the Far East, and investments and concessions as causes of international conflict. The work is edited by Henry Raymond Massey and Stuart Pierce Duggan, and it is made up of papers and talks by many eminent authorities of this and other countries. As a serious attempt was made by the Academy to secure the opinions of the ablest advocates of both sides of each important question, the volumes have exceptional value for those in search of an intelligent understanding of the issues involved. The discussions which followed the various papers and addresses were limited to five-minute speeches, and though that is short time indeed, a lot can be said in it by men who understand their subject. While the talks on Russia suffer somewhat because of more recent developments, most of the other discussions were concerned with questions in no wise affected by recent events.

## A Nation Without a Country

*The Conquering Jew, by John Foster Fraser. New York: Funk & Wagnalls Co. U.S. $1.50.*

A Nation Without A Country, yet prominent in all countries; homeless, yet making its home with the best the world over; persecuted, yet endowed with unquenchable vitality; dominating the world's trade; in the van of art, music, literature, and science—such is the Jewish race as portrayed by John Foster Fraser in this wonderfully interesting book, an impartial and in many ways startling study of this remarkable people.

## How Germany Does Business

*How Germany Does Business, by P. P. Gourvitch; B. W. Huebsch, publisher, N. Y.*

The open secrets which enabled Germany to break into world markets are interestingly set forth in this book. Many of the plans developed by the German organization have made their financial and export methods a genuine world power. Even in the midst of their struggle against the world, they pursue their plans for future trade extension. It will profit business men to learn of their methods.

## Economic Changes in Europe

*Economic Development of Modern Europe, by Frederic Austin Ogg, Ph.D., associate professor of political science in the University of Wisconsin; Macmillan Company, publisher.*

The author of "The Governments of Europe" and "Social Progress in Contemporary Europe" presents in this history a most elaborate and painstaking compendium. Professor Ogg's purpose is to indicate the origins, and explain the character and effects of the more important economic changes in Europe during the last three hundred years. The greater share of the reader's attention is directed to the great development in labor organization, trade expansion, socialism, and social insurance. These are, of course, more interesting than the more technical phases of economic discussion. The book will be found useful to those who desire to found their knowledge on logical exposition of fact and not on the less studied and more easily harbored basis of prejudiced opinion.


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